



康臣葯業集團有限公司

CONSUN PHARMACEUTICAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

股份代號 Stock Code : 1681

# 2022

Consun Pharmaceutical Group Limited

ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT



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## About This Report

Welcome to the seventh Environmental, Social and Governance Report (“**ESG Report**” or the “**Report**”) issued by Consun Pharmaceutical Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as “**Consun Pharmaceutical**” “**Consun**”, the “**Group**” or “**We**”). This Report is intended to provide environmental and social management policies, performance and the latest developments of Consun Pharmaceutical in 2022. Relevant information will be disclosed in the following chapters of this Report.



## Reporting Guideline

The Report has been compiled in accordance with the four reporting principles of the Appendix 27 Environmental, Social and Governance Reporting Guide (“**ESG Guide**”) of the Listing Rules on the Stock Exchange of Hong Kong Limited (“**HKEX**”), namely materiality, quantitative, balance, and consistency.

Materiality	The Report disclosed the process of identifying important environmental, social and governance factors and the criteria chosen, and also disclosed the engagement of important stakeholders.
Quantitative	The Report disclosed the standards, methods, assumptions, calculation references and sources of conversion factors used for reporting emissions and energy use.
Consistency	The Report disclosed changes in statistical methods or key performance indicators.
Balance	The Report presents the Group’s ESG performance objectively and the application of the relevant principles is reflected in the respective chapters of this report. The Report has complied with all mandatory disclosure requirements and the ‘comply or explain’ provisions.

## Reporting Scope

The reporting scope of the Report covers the main business of Consun Pharmaceutical, including its main subsidiaries: Guangzhou Consun Pharmaceutical Co., Ltd. (“**Guangzhou Consun**”), Consun Pharmaceutical (Inner Mongolia) Co., Ltd. (“**Inner Mongolia Consun**”), Guangxi Yulin Pharmaceutical Group Co., Ltd. (“**Yulin Pharmaceutical**”), and Consun Pharmaceutical (Horgos) Co., Ltd. (“**Horgos Consun**”). Unless otherwise stated, the reporting period of the Report covers 1st January 2022 to 31st December 2022 (the “**Reporting Period**”).

## Access to the Report

This Report has been prepared in Traditional Chinese and English respectively, if there is any contradiction or inconsistency between the two versions, the Traditional Chinese version shall prevail. The Report has been published electronically, which can be downloaded from Consun Pharmaceutical’s website at [www.chinaconsun.com](http://www.chinaconsun.com).

## Confirmation and Approval

The Group’s Board of Directors (the “**Board**”) is responsible for identifying and evaluating environmental, social and governance (“**ESG**”) related risks and ensuring that appropriate and effective risk management and internal control systems are in place. At the same time, the Board has overall responsibility for the Group’s ESG strategy and reporting. The Report was approved by the Board on 23rd March 2023.

## Feedback

We value your comments and feedback, and appreciate you contacting us through:



Tel: (86) 20-82264529;



E-mail: [ir@chinaconsun.com](mailto:ir@chinaconsun.com);



Address of the Headquarters: 71, Dongpeng Avenue, Eastern Section, Guangzhou Economic and Technological Development District, Guangzhou, Guangdong, the People’s Republic of China;



Hong Kong Office: 22nd Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong.

## Chairman's Message

After three years of the pandemic, we all have a personal and profound understanding of the word "health". The fundamental purpose of human activities is to make the human subject live a healthier life. Meeting the "health" needs of the human subject is both the starting point and the constant pursuit of Consun Pharmaceutical as an enterprise with the mission of serving human health. In addition to steadily advancing its business, Consun Pharmaceutical also takes up its social responsibility and actively gives back to the community, which is a reflection of Consun Pharmaceutical's corporate core values.

### Firstly, we aim to keep introducing more good products.

The pharmaceutical industry contributes to the society by continuously introducing more effective, safer and more cost-effective treatments for diseases, while it is the responsibility of pharmaceutical companies to continuously provide more excellent medicines to patients through research and development and improvement. Based on years of experience in the field of nephrology, Consun Pharmaceutical has continued to expand its product coverage and created a "1+6" product cluster, dedicated to providing treatment solutions for more patients. For example, the incidence of iron deficiency anemia during pregnancy in Chinese women is currently as high as 19.1%, which directly contributes to the high incidence of adverse pregnancies and requires the attention and awareness of the whole society for early detection and intervention, active prevention and iron supplementation to reduce the incidence of anaemia in pregnant women. As a third-generation oral iron supplement, the Yuanlikang® Iron-dextrin Oral Solution (源力康® 右旋糖酐铁口服溶液) by Consun Pharmaceutical has previously been a popular pediatric drug because of its efficacy, high safety and pleasant taste. In 2022, we have developed a dosage for women during pregnancy based on the dosage for children, which greatly reduces the symptoms from other similar drugs that tend to cause nausea, vomiting and other adverse reactions, and provides an ideal solution for the prevention of anemia and iron supplementation during pregnancy, bringing a boon to pregnant mothers.

### Secondly, we are committed to solving more social pain points.

Chronic kidney disease has been described as the "silent killer" and is characterised by its insidiousness, high prevalence, low awareness rate, high death and disability rates, and a long disease course, and its disability and death rates and growth rate rank first among all chronic diseases. According to the latest data, there are more than 82 million adults with chronic kidney disease in China, but the awareness rate is only 10%. With more than 20 years of experience in the field of kidney disease, Consun Pharmaceutical understands the importance of addressing the social pain point by "delaying the process of kidney failure and enhancing the survival experience of patients". The traditional management model of chronic kidney disease has been faced with many challenges, such as lack of prevention knowledge, lack of professional management

guidance, poor compliance, etc. The online treatment, health management and value-added services provided by the Internet platform can solve these problems, allowing patients to enjoy multi-faceted care outside the hospital while being treated.

Based on the above insights, Consun Pharmaceutical established the Chronic Disease Management Centre and launched the "Blue Ribbon - Public Welfare Chronic Disease Management" project for the third consecutive year. Through an innovative and unique way of attracting public welfare, the centre has set up rules to apply for free medication with testimonials, giving full play to the advantages of online patient education and chronic disease management to better empower business and care for patients. So far, the project has attracted 15,462 patients to participate, which not only accumulates more basis for the real-world verification of the efficacy of the Uremic Clearance Granules product, but also provides more quality and efficient products and services for many chronic kidney disease patients, truly benefiting the people.

### Thirdly, we actively participate in more charity activities.

In 2022, Consun Pharmaceutical continues to be committed to public welfare and invests more in public welfare to protect public health with dedication. In terms of community welfare, Consun Pharmaceutical actively cooperates with local communities by sending staff volunteers to participate in daily work, offering express regards to and making donations. At present, we have donated a number of self-produced medicines, such as Zheng Gu Shui (正骨水) and Yun Xiang Jing (雲香精), worth nearly one million yuan, to community units such as "city beauticians", community volunteers, emergency centres and integrated street command and control centres. In addition, Consun Pharmaceutical continues to pay attention to the elderly and other disadvantaged groups in the community, contributing to the stability and harmonious development of the community. In the area of helping the elderly and the disabled, Consun Pharmaceutical and Aihai Cihang Social Work Service Centre (愛海慈航社會工作服務中心) have jointly launched the "Health Charity Walk" – an initiative for lighting up the "Chronic Kidney Disease" families and granting the small wishes of "The Aged caring for the Disabled" families, to provide essential items for families with chronic kidney disease, understand the patients' needs, answer their questions face-to-face, and take practical actions to care for the patients' physical and mental health. On 29th December 2022, at the 12th China Charity Festival held in Shanghai, Consun Pharmaceutical was awarded the "2022 ESG Practice Model Award" for its continuous efforts and outstanding performance in the field of philanthropy.

We take social responsibility by providing good medicine to the people, and show our corporate responsibility by doing charity work. In the future, Consun Pharmaceutical will continue to take practical actions to serve human health and promote sustainable, benign and green development of the enterprise and society!

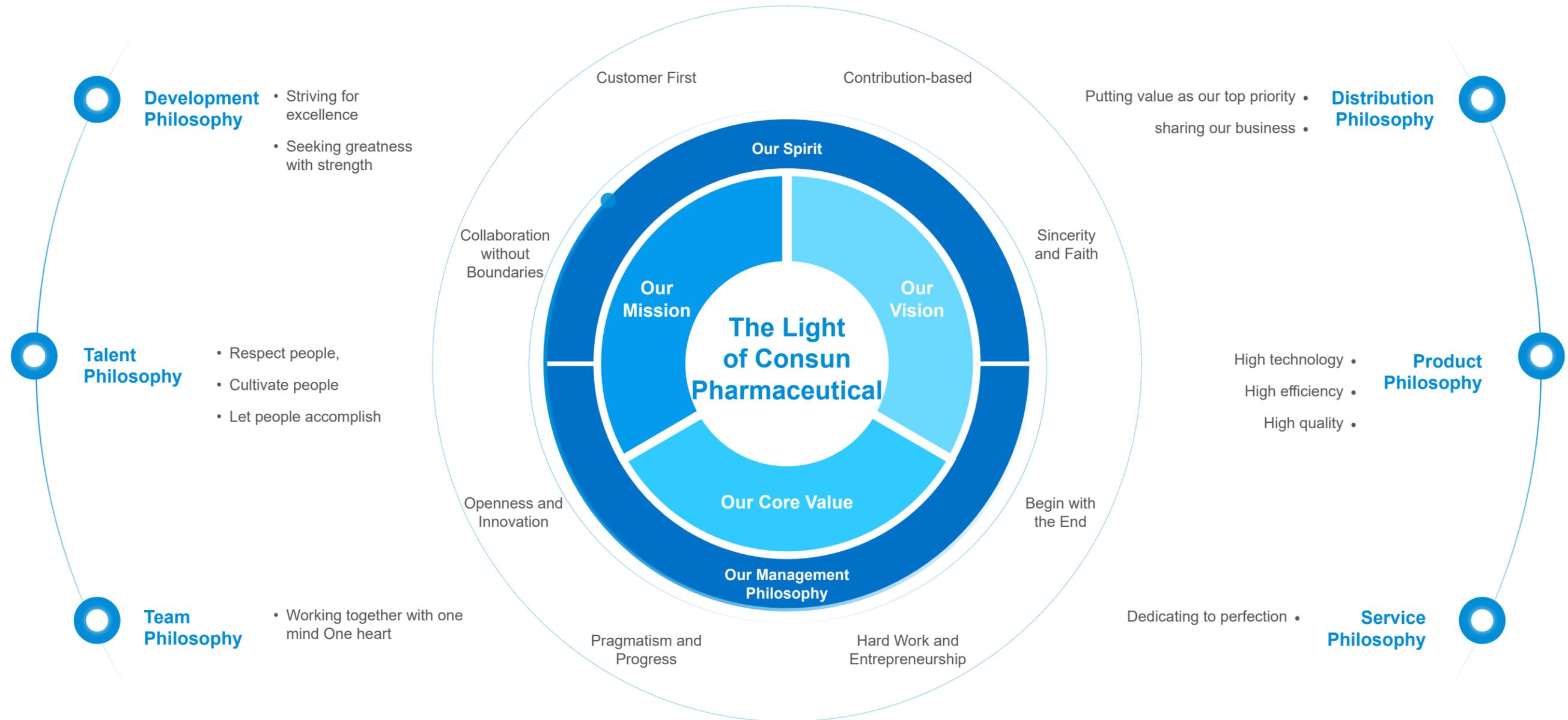
Chairman of the Board Meng An  
23rd March 2023

## About Consun

### Introduction of Consun

Consun Pharmaceutical (HK.01681) is a modern pharmaceutical enterprise mainly engaged in the Research and Development (“R&D”), production, and marketing of modern Chinese medicines and medical imaging contrast mediums. Consun Pharmaceutical is founded in 1997 and was publicly listed on the Main Board of HKEX on 19th December 2013. It owns subsidiaries that engage in the R&D and production of medicines. It operates well-known pharmaceutical brands such as Consun and Yulin. It has four production bases located in Guangzhou, Guangdong Province; Tongliao, Inner Mongolia; Yulin, Guangxi Province; and Horgos, Xinjiang.





**Value Philosophy**



-  **Our Mission** Making innovations from inheriting making good medicines to benefit people
-  **Our Vision** Become a first-class modern pharmaceutical enterprise, the best in kidney medicine and a leader in multiple specialties
-  **Our Core Value** Humanis; Sincerity; Responsibility; Sharing
-  **Our Spirit** Fueling dreams with passion, making achievements with hard work
-  **Our Management Philosophy** Based on morality, virtue and righteousness, and righteousness and profit co-exist

**The Light of Consun Pharmaceutical**

- Red is the spirit of Consun Pharmaceutical
- Green is the pursuit of Consun Pharmaceutical
- Blue is the path of Consun Pharmaceutical

### Company products



# Consun 2022

On 8th January

Consun Pharmaceutical's flagship products, Uremic Clearance Granules (尿毒清颗粒) and Zheng Gu Shui, were selected to participate in the "Recruitment of Quality Proprietary Chinese Medicines for the Chinese Medicine Cultural Exhibition Hall of the Beijing 2022 Olympic Winter Games in Chongli". Leveraging on the strength of their high quality and high-efficiency products, Uremic Clearance Granules and Zheng Gu Shui, would be the representatives of Chinese proprietary medicine products in the Chinese Medicine Cultural Exhibition Hall during the Beijing 2022 Olympic and Paralympic Winter Games for a two-month period.



In January

Consun Pharmaceutical was awarded the Guangdong Province Technically Advanced Small and Medium-sized Enterprise Award in 2021 after a thorough selection process, demonstrating the Group's hardcore research and development capability in medical imaging product lines.



On 18th January

The expert evaluation results of the "Three Products" project in the pharmaceutical industry of Guangdong Province for the year 2021 were officially announced, and Consun Pharmaceutical's flagship product, Uremic Clearance Granules, was awarded the Guangdong Famous Brand Product title for its superior product performance.



On 18th February

The mayor of Horgos in Xinjiang visited the Group for guidance.



On 20th February

Meng Xiandong, member of the Standing Committee of the Party Committee of Inner Mongolia Autonomous Region and Party Secretary of Tongliao City, led a delegation to visit Inner Mongolia Consun for guidance.



On 25th May

The Vice-President of Southern Medical University visited Consun Pharmaceutical for a visit and exchange. The purpose of the visit was to further enhance the understanding and promote win-win cooperation in the future.



On 2nd November

"CHI Index - Top 50 Overall Competitiveness of Proprietary Chinese Medicines in 2022" and "Top Health Industry Brands in 2022" were released. With its strong R&D capabilities and excellent market performance, Consun Pharmaceutical was once again awarded as one of the "Top 50 Overall Competitiveness of Proprietary Chinese Medicines in 2022", and Consun Pharmaceutical's flagship product, Uremic Clearance Granules, was awarded as one of the "Top Health Industry Brands in 2022".



On 29th October

The 11th China Communication Leaders Forum and the 9th China Innovation Communication Competition Award Presentation Ceremony were held in Beijing. The "Public Welfare Chronic Disease Management" project submitted by Consun Pharmaceutical won the Gold Award in the Social Marketing Category of the Competition among 551 entries from 116 companies.



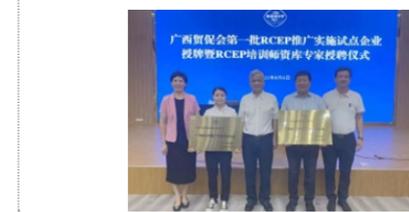
On 5th September

The China Brand Building Promotion Association, China Asset Appraisal Association and Xinhua News Agency National Project Office jointly released the "China Brand Value Evaluation Information 2022" in Beijing. Consun Pharmaceutical was ranked 12th in the Pharmaceutical and Health category with a brand strength rating of 849 and a brand value of RMB 6.416 billion, while Yulin Pharmaceutical was ranked 19th in the Chinese Old Brand category with a brand strength rating of 821 and a brand value of RMB 2.3 billion.



On 8th August

The Guangxi branch of the China Council for the Promotion of International Trade ("CCPIT") released the "List of the First Batch of RCEP Promotion and Implementation Pilot Enterprises", and Yulin Pharmaceutical was listed as one of the first batch of RCEP promotion and implementation pilot enterprises in Guangxi. In the future, Yulin Pharmaceutical will take advantage of the RCEP policy to further enhance its external trade business, especially the import of Chinese herbal medicines and raw and auxiliary materials, in order to contribute to the achievement of Consun Pharmaceutical's target of 10 billion in revenue.



On 18th June

Jianmin Hao, Deputy Secretary of the Party Committee of Xinjiang Yili Prefecture, Deputy Permanent Secretary of the Party and Work Committee of the Development Zone, Director of the Management Committee and Secretary of the Municipal Party Committee, together with leaders of the Group led by the Chairman of the Board of Consun Pharmaceutical, attended the start-up ceremony of the trial production of Horgos Consun.



<sup>1</sup> RCEP, or Regional Comprehensive Economic Partnership, is a comprehensive, modern, high-quality and mutually beneficial FTA initiated by ASEAN in 2012 and developed by 15 members including China, Japan, Korea, Australia, New Zealand and ten ASEAN countries over a period of eight years, which will come into effect on 1st January, 2022.

# 01

## Responsible Governance – Moving Towards Quality Development



## ESG Governance Structure

Consun Pharmaceutical has established an ESG governance structure led and overseen by the Board, which provides a unified planning and management of the Group's ESG efforts to ensure that ESG management is integrated into the Group's strategies and decisions, and to promote the Group's sustainable development in a comprehensive manner. The Board plans and formulates the overall ESG management approach and strategy, evaluates and prioritises important ESG-related issues for decision making, monitoring and management, and reviews progress against the overall ESG targets set to ensure the orderly implementation of the Group's ESG work.

The Group has established an ESG Committee (the "Committee"). The Committee is spearheaded by and composed of members of the Board. The Committee is responsible for assisting the Board in guiding and reviewing the development and implementation of the Group's corporate sustainability strategy and reporting to the Board on a regular basis on ESG-related issues.

The Committee has an ESG Working Group (the "Working Group") as the executive arm to implement the Group's ESG efforts. The Working Group consists of a number of functional departments and subsidiaries responsible for ESG issues and is jointly responsible for carrying out specific ESG tasks and reporting regularly to the Committee on ESG-related issues.

## ESG Target Approach

The Group has set targets and action strategies for 2021 in the five areas of air pollutant emissions, greenhouse gas ("GHG") emissions, waste reduction, energy use efficiency and water use efficiency. During the Reporting Period, we reviewed our performance against the targets and the Board was involved in reviewing progress against the targets. In particular, the Board discussed possible improvements to ensure that the action plans for each of the ESG targets were implemented effectively by understanding the challenges to achieving these targets in the business. We will also continue to track the implementation of ESG targets and actively explore the feasibility of setting additional higher ESG targets in our business. For details, please refer to the section "Energy Saving and Emission Reduction - Our Green Operations" of this Report.

## ESG Risk Management

During the Reporting Period, Consun Pharmaceutical updated its ESG risk pool for 2022 and invited the relevant departments of the Group to participate in the survey. The ESG risk matrix was obtained by scoring two dimensions, namely "severity of ESG risk impact" and "likelihood of ESG risk occurrence", from which a total of 13 important ESG issues were identified and reviewed and validated by the Board.

Based on the results of the ESG risk assessment, the Group identified four ESG risks critical to its operations and business during the Reporting Period and reviewed the relevant management within the Group to ensure that the risks are effectively controlled.

With regard to "climate change and extreme weather risks", the Group has been planning to improve the management of climate change risks and to gradually implement and establish a solid climate change response mechanism in the next three years, and we will continue to report the progress in the future.

Based on the above structure, the Group has further defined the organizational functions of the Committee and the Working Group to ensure the effective implementation of ESG management and the control and avoidance of ESG risks.



During the Reporting Period, the Group integrated the TCFD framework and the HKEX's Guidance on Climate Disclosures into the existing Committee's working charter to better specify the responsibilities of the Committee's management system on climate change related issues and to enhance our ability to address climate change issues at the governance level.

## Stakeholder Engagement

We value active communication with our stakeholders and building close ties with them is key to the Group's continued progress towards sustainability. To enhance the effectiveness and timeliness of our communication with stakeholders, we have established a robust stakeholder communication and engagement mechanism. We also invite stakeholders to participate in the Group's ESG-related decisions and activities from time to time to fully understand their aspirations and expectations, and enhance our ESG work planning accordingly.

### Diversified communication platforms

Considering the interaction between Consun Pharmaceutical and its stakeholders, Consun Pharmaceutical has identified key stakeholders who are closely related to the Group's business process and has initiated different forms of communication with them to understand their expectations of the Group through different channels.

Key Stakeholders	Governments and Regulatory Agencies	Investors (Shareholders)	Clients	Employees	Suppliers	Peers	Community and the Public	
Communication Channels with the Group	<ul style="list-style-type: none"> <li>Participate in government projects</li> <li>Pass the qualification examinations</li> <li>Submit work plans and reports</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders' general meetings</li> <li>Information disclosure</li> <li>Investor consultation Roadshows</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfactory survey</li> <li>Customer complaint management</li> <li>Daily customer communication</li> </ul>	<ul style="list-style-type: none"> <li>Trade union</li> <li>Provide training and development platform</li> <li>The Group's publications</li> <li>Hold employee activities</li> </ul>	<ul style="list-style-type: none"> <li>Formulate supplier management system</li> <li>Evaluation on suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Participate in or hold industry forums</li> <li>Participate in industry association</li> <li>Visit and communicate with other companies</li> </ul>	<ul style="list-style-type: none"> <li>Information disclosure</li> <li>Participate or organise community activities</li> <li>Social charity and poverty alleviation activities, volunteer activities</li> </ul>	
Expectations to the Group	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Strengthen R&amp;D of medicine</li> </ul>	<ul style="list-style-type: none"> <li>Good corporate operation management to reduce operational risks</li> <li>Good return on investment</li> <li>Transparent information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Obtain safe and high quality medicine</li> <li>Affordable medicine</li> <li>Diversified medicine types</li> <li>Protect consumer rights</li> </ul>	<ul style="list-style-type: none"> <li>Good working environment</li> <li>Good career prospects</li> </ul>	<ul style="list-style-type: none"> <li>Cooperate with mutual benefit</li> </ul>	<ul style="list-style-type: none"> <li>Promote industry development</li> </ul>	<ul style="list-style-type: none"> <li>Serve the community</li> <li>Charity</li> </ul>	
Communication Frequency	Regular or irregular	Regular, irregular or permanent	Regular or irregular	Regular, irregular, ongoing or bimonthly	Permanent	Irregular	Irregular or permanent	

## Materiality Assessment

The Group routinely conducts annual materiality assessments to identify areas of sustainability that are of key concern to the Group. Given that there were no significant changes to the Group's business during the Reporting Period and that we have been conducting internal and external stakeholder surveys for several years, the results were stable. Based on the views of our existing external stakeholder, combined with our business characteristics, industry trends, ESG issues identified by MSCI and SASB<sup>2</sup> for the pharmaceutical industry, peer performance and the direction of the Group's ESG development, we conducted a comprehensive analysis and invited the Board members to participate in the research and review of the materiality assessment results.



During the Reporting Period, we identified 19 ESG issues of greater relevance to the Group and, together with the Board's assessment of the ESG issues pool, we assessed and confirmed the importance level of each ESG issue, and to be consistent with the past, we identified those ESG issues with an importance level of "very important" as "material issues". The table below shows the ESG issues pool and material issues for the Reporting Period.



	List of Material Issues	Corresponding Chapter
Social issues	Quality Management of Pharmaceutical Production	Quality Management
	Product R&D and Innovation	R&D Innovation
	Employee Development and Training	Talent Development
	Occupational Health and Safety	Health and Safety
	Clinical Trial Safety and Participant Protection	Clinical Trial Safety and Participant Protection
	Employment and Employee Rights	Employee Management
	Intellectual Property Protection	Intellectual Property Protection
	Customer Service and Rights Protection	Quality Services and Consumer Protection
	Supply Chain Sustainability Management	Sustainable Supply Chain Management

<sup>2</sup> SASB, the Sustainability Accounting Standards Board

## Anti-Corruption Initiative

Consun Pharmaceutical upholds the highest business ethics and attaches great importance to maintaining a clean business environment. The Group strictly complies with the laws and regulations of the places in which it operates, including but not limited to the *Criminal Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Medicinal Product Administration Law of the People's Republic of China* and the *Pharmaceutical Industry Compliance Management Practices*, etc. It has established an internal control and supervision mechanism to provide comprehensive management of anti-corruption and anti-misconduct work.

Under the internal control and supervision mechanism, Consun Pharmaceutical has formulated a series of anti-corruption policies as a starting point, supplemented by supervision, reporting and training measures to combat illegal and unlawful acts related to bribery, extortion, fraud and money laundering, and to raise the integrity awareness of all employees.

### During the Reporting Period,

Number of anti-corruption training sessions organised by the Group:

**2** times online, **3** times in-person

The Group's anti-corruption training was attended by:

**2,904** attendees online and **210** attendees in person

Cases received/concluded in relation to corruption litigation brought against the Group and its employees:

**0**



- Internal Audit Management System
- Employee Complaint and Report Management System
- Regulations on Commercial Selling beyond Agreed Territories, Outflow from Hospitals, Marketing Inspection and Anti-Counterfeiting
- Management System for Product Selling Beyond Agreed Territories



- The Group's Audit and Legal Department is responsible for inspecting and supervising, visits various regions from time to time to conduct audits on irregularities.
- The Group's Human Resources Department, the President's Office and the Finance Department also work together



- Consun Pharmaceutical has set up various complaint channels such as telephone, email, letter, face-to-face interview, fax and OA [*LP cmts: Please clarify what OA is*]



- In order to raise awareness of anti-corruption among all staff and encourage them to comply with the Code of Ethics, the Group provides anti-corruption training to our Board and employees at all levels from time to time

On 4th January 2022,

the Audit and Legal Department conducted a training session on marketing matters for the staff of the Commercial Department at the Yulin Pharmaceutical site, with a total of 110 participants



On 15th March 2022,

the Audit and Legal Department conducted a training session for all marketing staff and 2,180 people viewed the course materials produced and recorded for uploading



On 8th April 2022,

the Audit and Legal Department conducted training for all non-marketing staff, and 724 people viewed the course materials produced and recorded for uploading



On 23rd July 2022,

the Audit and Legal Department conducted training for 80 people in the Sales Department



On 19th October 2022,

the Audit and Legal Department conducted a training session for approximately 20 sales staff of the ninth academic department and participating dealers



# 02

## Medicine for the People - Commitment to Products and Services

Our mission has always been to "making innovations from inheriting & making good medicines to benefit people"; our development path is "industry chain operation and international operation"; our product philosophy is "high technology, high performance and high quality"; and our business philosophy is "based on morality, virtue and righteousness, and righteousness and profit co-exist". We insist on controlling our products and services, on top of which we constantly seek to improve quality and provide consumers with a better consumer experience and more solid protection of their rights through research and development, service optimization and sustainable supply management.

During the Reporting Period,



The amount of R&D equipment increased by **47** units



**28%** increase in the number of R&D staffs



R&D investment was RMB **117,539**



## R&D Innovation

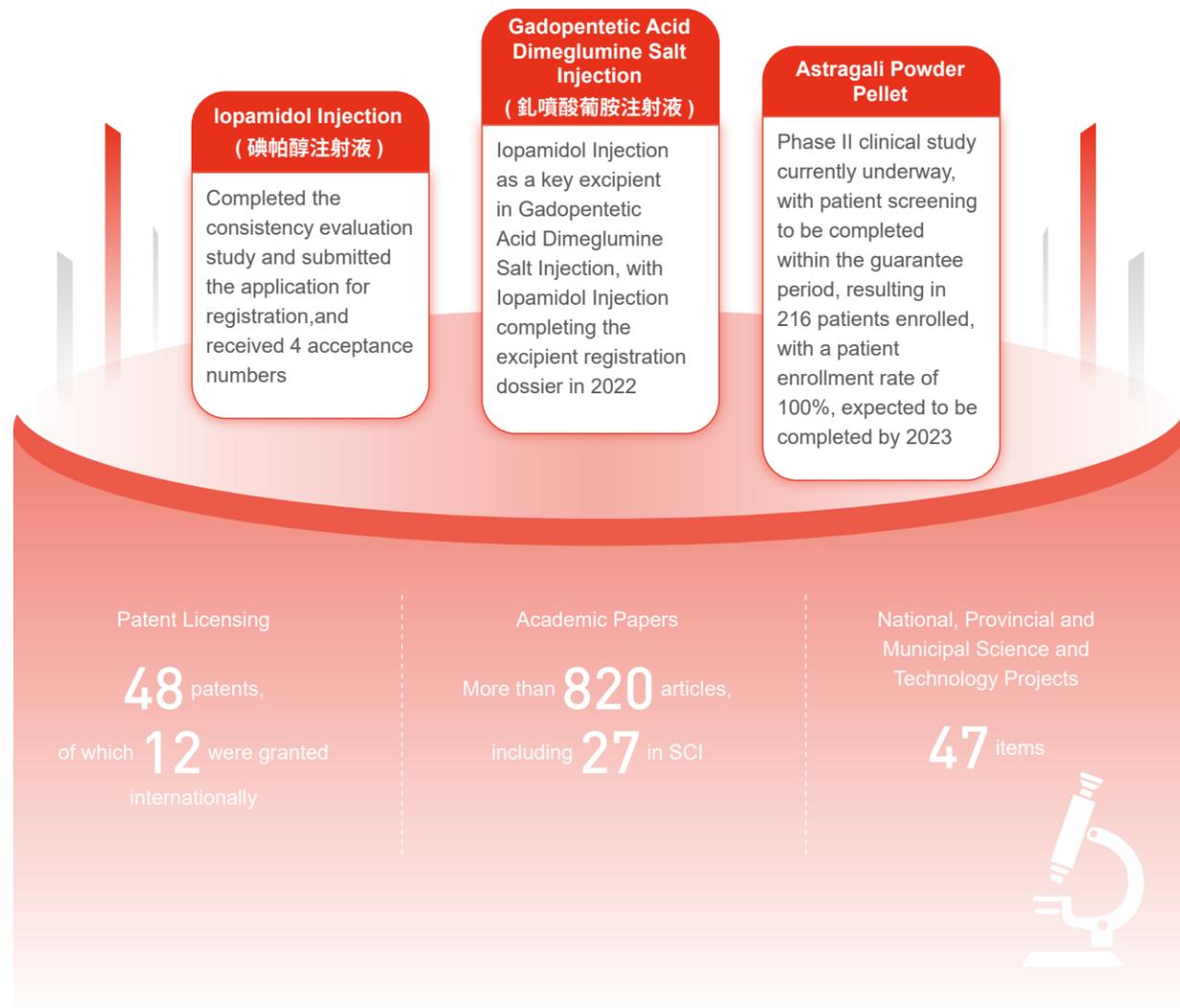
### R&D as the Priority

Consun Pharmaceutical has always been committed to seeking changes amidst stability, making innovation amidst newness and achieving results amidst innovation, in order to adapt to the ever-changing pharmaceutical policies and evolving healthcare environment.

At present, the Group has a "Chinese Medicines Research Center for Renal Diseases", a " Postdoctoral Scientific Research Workstation", two provincial "Industrial Technology Research Centers" and three provincial "Enterprise Technology Centers", and the "Consun Nephrology Chinese Medicine Research Centre", which were established with the Hong Kong Baptist University. Based on our R&D strat-

egy of "emphasising both in-house R&D and outsourcing cooperation", we have accelerated the pace of new medicine development and technological innovation. Through the continuous promotion of joint R&D methods such as industry-industry cooperation and industry-academia cooperation, the Group has achieved remarkable results in a number of fields.

We follow closely the development strategy of Chinese medicine, and on the basis of respecting traditional theories, we continue to apply modern technology, research and develop contemporary medicines, and build innovative enterprises, and have achieved fruitful scientific research results.



In the future, we will continue to attract and nurture high-level scientific and technological research and development talents, actively develop strong alliances with renowned enterprises and institutions, promote a high degree of integration between science and technology and the economy, accelerate the industrialisation of knowledge and technology, improve the strength of scientific research and continuously upgrade the technological level of the industry.



**中国中西医结合学会科学技术奖 证书**

为表彰中国中西医结合学会科学技术奖获得者，特颁发此证书。

项目名称：创新糖尿病肾病患者中西医结合诊疗新策略与转化应用

奖励等级：一等

获奖单位：中国人民解放军总医院 北京中医药大学东直门医院 广州康臣药业有限公司

证书号：20220611B

Consun Pharmaceutical's Edema Alleviation Granules (益肾化湿颗粒) won the first prize of the 2022 China Association of Traditional Chinese Medicine and Western Medicine Science and Technology Award

The Group's strategic partner, a well-known pharmaceutical company, visited the Group for exchange and discussion to further deepen cooperation on R&D projects

Consun Pharmaceutical Edema Alleviation opening project achieved phased results

## Intellectual Property Protection

We regard intellectual property rights as the cornerstone of innovation and strictly comply with the laws and regulations that have a significant impact on the Group, such as the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, the *Criminal Law of the People's Republic of China*, the *Civil Code of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, etc. The Group actively implements the relevant provisions of the *Detailed Rules for the Implementation of the Patent Law of the People's Republic of China*, the *Regulation for the Implementation of the Copyright Law of the People's Republic of China*, and the *Regulation for the Implementation of the Trademark Law of the People's Republic of China*, etc.

In order to form an effective internal management system, we have developed a series of internal systems and procedures to clarify the relevant legal responsibilities for the day-to-day use and management of intellectual property rights, providing institutional protection for the Company's intellectual property rights.

The Group manages intellectual property rights such as trademarks, copyrights, patents and trade secrets in accordance with the principles of timeliness, confidentiality and unified management, division of labour and orderly regulation:

During the Reporting Period, the new patents are as follows:

- "Method and Application for the Preparation of Phytoplanktonic Algae Containing Pseudohyphocytes" was granted on 11th January 2022 with a Certificate of Patent of Invention
- Two new patent applications were filed and successfully accepted



During the Reporting Period, we updated and standardised our *Measures for the Management of Intellectual Property Rights*. In addition, we set up a trademark ledger to strengthen our daily management, with the aim of completing the protection management of the Group's trademarks such as registration, renewal and recognition of famous trademarks in a timely manner. The Group also monitored the market for counterfeit products, infringement of corporate name and trademark rights and other improper competition, and assisted in the fight against counterfeiting and enforcement of rights in the market. During the Reporting Period, the Group's efforts in the management of intellectual property rights are set out in the table below:

		R
Completion of domestic trademark registration	11	
Completion of trademark renewal	5	
Monitoring of others' proximity to the mark	15 cases of trademark opposition or invalidation were filed in a timely manner, and 5 invalidation cases were successfully declared	
Successful application to revoke a registered trademark that has ceased to be used for three consecutive years completed	1	
Trademark infringement found and dealt with	3	

## Clinical Trial Safety and Participant Protection

As clinical trials are an important and fundamental part of the development of pharmaceutical products, the Group attaches great importance to the safety of clinical trials and is committed to protecting the rights of clinical trial volunteers or participants. In the course of clinical trials, we strictly adhere to the *People's Republic of China on Drug Administration Law*, the *Regulations on the Administration of Pharmaceutical Product Registration*, the *Regulations on the Quality Management of Clinical Trials of Pharmaceutical Products* and other laws and regulations that have significant impact on the Group to ensure that trials are conducted while meeting the fundamental requirements of compliance, high quality, high safety, and R&D ethics.

- Right to know

All clinical trials of the Group are ethically approved and endorsed by the research unit to ensure that the participants have the right to be informed and have a clear understanding of the process and associated risks and benefits of the trial. Participants are free to choose whether or not to participate in the trial and sign an informed consent form before they can take part in the trial.
- Clinical Trial Insurance

The Group takes out commercial insurance for all participants in clinical trials to protect the rights interests of the participants.
- Monitoring and Reporting Mechanism

The Group has established a comprehensive safety monitoring system and an adverse reaction reporting mechanism, with a side effect specialist on pharmacovigilance to monitor the safety of participants regarding drug use in a timely manner.

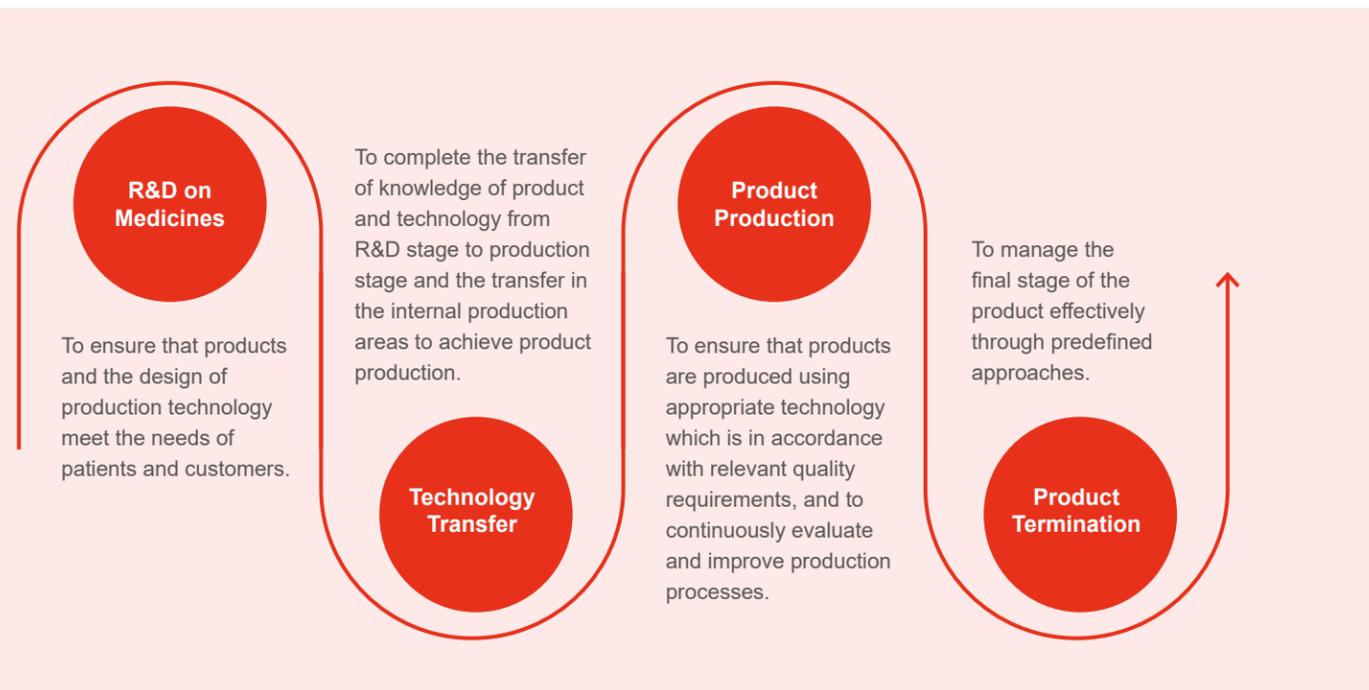
The Group has established an annual reporting system for pharmacovigilance, which includes regular safety literature research and safety update reporting, as well as required instruction manuals updating.

## Quality Management

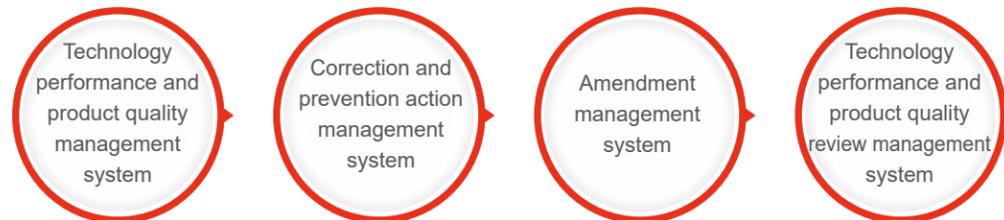
Consun Pharmaceutical always puts the health and safety of our patients as our top priority and ensures the provision of high-quality medicines to our patients through a sophisticated pharmaceutical quality management system. The Group has established a stringent pharmaceutical quality control system in compliance with the *Law of the People's Republic of China on Drug Administration*, the *Regulations for the Implementation of the Law of the People's Republic of China on Drug Administration*, the *Good Manufacturing Practice (2010 Edition) (GMP)* and other laws and regulations that are relevant to product health and remedies and have a significant impact on the Group. The system includes the *Management Regulations of Pharmaceutical Quality Management System*, the *Management Regulations of Pharmaceutical Quality Control System*, the *Management Regulations of Pharmaceutical Quality Assurance System*, the *Management Regulations of Quality Risk and Management Regulations of Pharmaceutical Factory Release*.

The Group's senior management assumes fundamental responsibility for the quality management of pharmaceutical production and creates an environment of full participation for the effective operation of the quality management system to ensure the establishment and implementation of an effective pharmaceutical quality management system that achieves the Group's quality objectives. The management establishes a strict management mode for the group's pharmaceutical quality management system, which is monitored from top to bottom, by taking on responsibilities such as participating in the design, implementation, monitoring and maintenance of the management system, allocating resources, establishing authority, establishing effective communication processes, and conducting performance reviews.

We have defined two major components of knowledge management and quality risk management in the *Management Regulations for Pharmaceutical Quality Management System*. The Group's entire process for manufacturing pharmaceutical products is shown in the diagram below. Meanwhile, a technological process of assessing, controlling, communicating and auditing quality risks throughout the entire manufacturing life cycle, using a forward-looking or retrospective approach. We set quality objectives for each stage of the life cycle to ensure that quality measures for product management are operating effectively.



To ensure that the quality of pharmaceutical products meets the pre-determined standards under the Pharmaceutical Quality Management System, we have established four pharmaceutical quality management systems to further strengthen the control of our internal pharmaceutical quality management system and to promote continuous improvement of our internal quality management system to ensure that the quality requirements and control of pharmaceutical products keep pace with the times.



All the production bases of Consun Pharmaceutical have been awarded GMP certification, and the RenHou site of Yulin Pharmaceutical has been certified by the U.S. FDA<sup>3</sup> and TGA<sup>4</sup> of Australia respectively.

During the Reporting Period, Yulin Pharmaceutical was awarded a GMP certificate by the TGA of Australia covering the manufacturing processes of pharmaceutical products carried out at Yulin Pharmaceutical's head office and RenHou site. This signifies that Yulin Pharmaceutical's registered products can be legally sold in Australia.



<sup>3</sup> The FDA, the U.S. Food and Drug Administration, is an international medical review authority authorised by the U.S. Congress, the federal government, to be the top enforcement agency specializing in food and drug regulation.  
<sup>4</sup> The TGA is the Therapeutic Goods Administration (TGA), the regulatory body for medical supplies in Australia.

During the Reporting Period, the Group carried out a series of management improvement activities to promote the implementation of cost reduction and efficiency enhancement and to improve the level of management refinement.

25th February 2022, Management Improvement 2021 wrap-up meeting



28th April 2022, TPM Pilot Project Commitment Signing Meeting



10th June 2022, Official Launch of 2022 "Safety Month"



26th July 2022, TPM Spot Check Skills Competition



28th July 2022, "Safety Month" summary meeting



2nd August 2022, First half year wrap-up meeting for the 2022 Management Improvement Project



19th December 2022, Presentation conference for the results of the Management Improvement Project in 2022



### Quality Risk Management

Consun Pharmaceutical has established an effective quality risk management process to identify, evaluate, control, communicate, and audit risks throughout the product life cycle to reduce or eliminate all potential or existing quality risks. The Group has established a quality risk management team to manage product quality through risk assessment, control, and review. The application of pharmaceutical quality risk management includes, but is not limited to, the following:



### Pharmaceutical Products Quality Testing

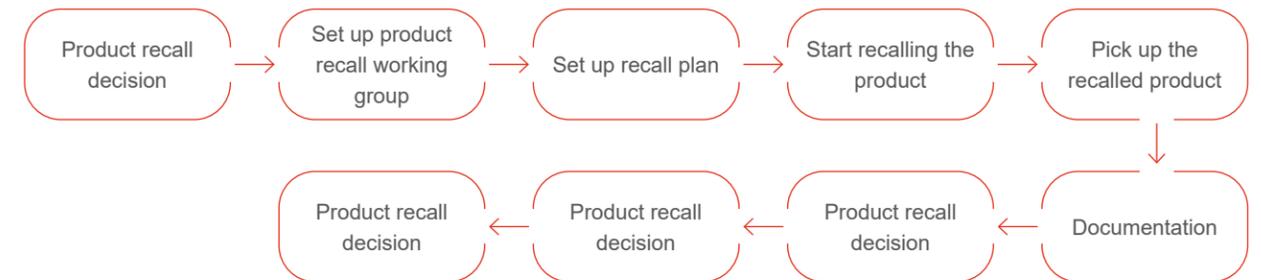
Each production base of Consun Pharmaceutical implements quality inspection process for materials and products inputted in the production process and carries out quality control at all stages. Inner Mongolia Consun has formulated the *Regulations on the Release of Pharmaceutical Products from the Factory*, the *Regulations on the Management of Inspection Methods*, the *Regulations on the Management of Inspection Reports* and the *Regulations on the Management of Inspection Records* to regulate the various aspects of quality inspection of pharmaceutical products. Yulin Pharmaceutical has formulated the *Standard Operating Procedures for the Release of Finished Products* and the *Inspection Management Procedures* to ensure that all products discharged from the warehouse meet the quality requirements.



### Product Recall Management

To protect the health and safety of consumers, the Group has established policies such as the *Product Recall Management Regulations*, the *Product Return Management Regulations* and the *Product Reprocessing Management Regulations* to ensure that any batch of products with safety hazards can be recalled from the market quickly and effectively when necessary to ensure the effectiveness of the recall process. In addition, in order to standardise the operation of the Group's drug recalls and to enable timely and proactive return of products, we revised the *Procedures for Drug Recalls Management Regulations* during the Reporting Period, forming a recall management system led by the person in charge of each base, with the collaboration of the quality authorisation, production management, supply and storage, sales and quality management departments.

The entire product recall process is as follows:

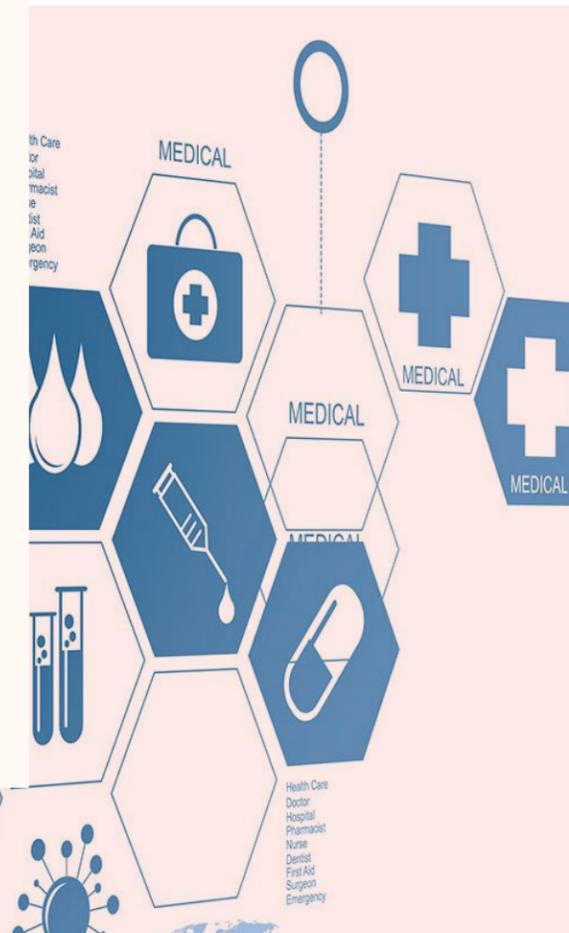


During the Reporting Period, there was no recall of the Group's products due to factors such as product safety and health.

### Quality Services and Consumer Protection

We always seek development through quality and honesty. We invest heavily in product development and innovation, and strictly control product quality. On top of this, we always provide consumers with quality and professional services to ensure that our products and services can meet customers' needs and create more value for them, thus winning more market appreciation.

Consun Pharmaceutical has always adhered to the service concept of "Dedication and Perfection" and implemented the marketing strategy of "Deep Distribution, Market Segmentation and Category Management", and we have set up more than 70 contact points in 31 provinces and autonomous regions across the country, and our products are exported to more than 30 countries and regions. Internally, we have been able to flatten our organisation through multi-faceted integration, resulting in quicker decision-making and more efficient internal synergy; externally, we have always strengthened our contact and management of the consumer end, keeping a firm grip on the end and keeping abreast of market changes by establishing more intensive customer contact points. This helps us respond to consumer demand in a timely manner and to continue to provide comprehensive, quality and professional services to consumers.



## Listening to Consumers

Consun Pharmaceutical continues to strengthen its communication with consumers by taking the initiative to listen, respond, communicate effectively and deal with them efficiently. In order to maintain close contact with consumers, we have upgraded our 400 hotline for chronic disease management and established a patient WeChat group to provide real-time services to a wide range of patients. We have also developed our own chronic disease management platform and public account with the core concept of “Ding Ding Shen” ( 叮叮肾 ), which allows us to keep abreast of patients’ conditions and opinions, so as to continuously improve the quality of our services and enhance consumers’ trust and satisfaction with the Group. During the Reporting Period, the Group continued to implement the *Hotline Answering Management Regulations*, which provided consumers with good communication protection and warmth at the same time. The *Hotline Answering Management Regulations* stipulates that all staff of the Chronic Disease Platform are responsible for answering the hotline in strict accordance with the hotline answering guidelines and providing timely feedback to the relevant departments on the consumer needs received from the hotline that require follow-up, so as to ensure that the issues received from the hotline that require follow-up can be followed up smoothly and provide consumers with prompt solutions to their problems.

## Patient Response Mechanism

The Group attaches great importance to the quality complaints lodged by patients against the Group’s products. In order to regulate the response and handling process of product quality complaints, to ensure the smooth flow of patient complaint procedures and to safeguard the corporate brand image and market reputation, the Group has formulated the *Customer Complaint Handling Management Regulations* with reference to the *People’s Republic of China on the Protection of Consumers’ Rights and Interests Laws* and relevant rules and regulations. The following are the responsibilities and scope of work of various departments of the Group in the complaint handling process.

As of the end of the Reporting Period, the Group had received 11 product complaints, which were promptly dealt with and the issues raised by consumers were successfully resolved through timely contact and proactive communication.

<b>General Office</b>	<ul style="list-style-type: none"> <li>To be responsible for answering the hotline, registering, collating and confirming all complaint information</li> <li>Classification and grading, and oversee the organisation of the relevant departments</li> <li>Follow up on progress and maintain files</li> <li>Compile and analyse complaint information on an annual basis</li> </ul>
<b>Marketing Department</b>	<ul style="list-style-type: none"> <li>Receive and collate complaint information</li> <li>Conduct onsite investigation and assist with communication and verification of the situation</li> <li>Feedback</li> </ul>
<b>Production Department, and quality management departments at each base</b>	<ul style="list-style-type: none"> <li>Receive and register complaint information from the General Office</li> <li>Confirm relevant complaint information and problems</li> <li>Investigate the causes of quality problems and propose corrective measures</li> </ul>
<b>Logistics Department Supply and Storage Department</b>	<ul style="list-style-type: none"> <li>Identify quality influences in terms of storage, transport, etc.</li> <li>Identify the causes of the problem and suggest improvements</li> <li>Advise on the handling of complaints</li> </ul>
<b>Audit and Legal Department Legal Department</b>	<ul style="list-style-type: none"> <li>Provide assistance and provide professional legal advice on relevant complaints</li> <li>Provide legal advocacy support</li> </ul>
<b>Pharmacovigilance Department (General Office and each base)</b>	<p><b>Pharmacovigilance Department (General Office)</b></p> <ul style="list-style-type: none"> <li>Receive complaints from the General Office and initiate investigations and follow up on the complaint-handling process</li> <li>Feedback the results to the General Office after the complaint has been closed</li> </ul> <p><b>Pharmacovigilance Department (Bases)</b></p> <ul style="list-style-type: none"> <li>Assist the Pharmacovigilance Department (General Office) in the investigation and handling of complaints</li> <li>Develop CAPA where necessary and follow up on their implementation and effectiveness</li> </ul>
<b>Other relevant functional departments</b>	<ul style="list-style-type: none"> <li>Advise and implement solutions according to the situation</li> </ul>

## Protection of Personal Privacy

The Group attaches importance to the protection of the personal privacy of its customers and patients and complies with laws and regulations relating to personal privacy such as the *Law of the People’s Republic of China on Liability for Infringement* and other laws and regulations that have a significant impact on the Group. It has formulated the *Patient Information Management Process* and the *Group’s Employee Conduct Management System* to regulate the patient information management process, establish the confidentiality obligations of employees and require all relevant employees to strictly comply with the relevant systems to avoid disclosure of patients’ personal privacy information.



## Advertising and Product Labelling

The Group is committed to providing consumers and the general public with advertising that is most consistent with the actual situation of the Group. Therefore, we attach the utmost importance to the truthfulness and accuracy of our product labels and external communications in order to protect the interests of consumers. The Group’s product promotions and production of advertisements are in strict compliance with the *Drug Administration Law of the People’s Republic of China*, the *Advertising Law of the People’s Republic of China*, the *Regulations on the Examination of Pharmaceutical Advertisements* and other laws and regulations that have significant impact on the Group and advertisements for pharmaceutical products are approved by the provincial drug regulatory authorities to ensure compliance. Yulin Pharmaceutical has formulated the *Advertising Placement Management System (for Trial*

*Implementation)* to implement supervision and management of advertising to ensure the authenticity, integrity and effectiveness of all advertisements placed.

In addition, the Group prepares labels for pharmaceutical products in strict compliance with the *People’s Republic of China on Drug Administration Law*, the *Regulations on the Administration of Pharmaceutical Product Registration* and the *Regulations on the Administration of Drug Descriptions and Labelling* to eliminate the appearance of unclear and misleading information or terms. At the same time, we have formulated the *Regulations on the Management of Packaging Materials* to regulate the management of packaging materials such as printing, labels and instructions to ensure that the printed information on pharmaceutical packaging is correct.

## Sustainable Supply Chain Management

We always insist on establishing and maintaining close and efficient cooperative relationship with our suppliers to achieve win-win cooperation. With the expansion of our business scale in the course of development, the Group has established a comprehensive sustainable supply chain management system to ensure the stability of production quality and supply safety, and strengthened the control over suppliers and supply chain personnel in various aspects such as procurement, transportation and production. In addition, we have formulated management strategies to identify supply chain risks and manage the selection and assessment of suppliers in a disciplined manner.

A stable and high-quality supply of raw materials determines the sustainability of our business operations. The Group has formulated the *Standard Operating Procedures for Material Procurement* to regulate the material procurement process and methods to ensure the quality of purchased materials. The Group has also formulated the *Procurement Risk Management System* to enhance risk management in the procurement of raw materials. We conducted risk level analysis for the six major procurement risk categories identified below and formulated and implemented corresponding risk management measures to safeguard the quality of the Group's products and the stability of the supply chain:

### Risk Management Measures

- Material quality risk
- Contractual risk
- Material delivery delay risk
- Return and exchange risk
- Risk of material shortage due to market and policy
- Risk of incomplete purchasing records

The Group has also established regulations and systems such as the *Supplier Management System* and *Material Supplier Management Procedures*, which set out comprehensive requirements and procedures for the selection and assessment of suppliers, so as to select and manage qualified suppliers and ensure that they provide qualified materials and services to the Group. We give priority to suppliers who have established quality systems in accordance with national (and international) standards and who have passed certification, and we examine the production capabilities and quality assurance systems of suppliers for key materials and equipment. At the same time, we attach great importance to managing the environmental and social risks related to the services and products provided by our suppliers, and assess whether their factory environment, employee safety measures and product safety and quality comply with relevant regulations and standards.

The following is the workflow for the key aspects of the Group's supplier management, including research, initial evaluation, on-site audit, sample inspection, supplier identification, audit and supervision:

<b>Supplier Development</b> 1	<ul style="list-style-type: none"> <li>● The supplier's production capacity and quality assurance system are examined.</li> </ul>
<b>Preliminary supplier evaluation</b> 2	<ul style="list-style-type: none"> <li>● Collect relevant information (e.g. quality, service, delivery time, price) to use as a basis for supplier selection.</li> <li>● Consider whether materials, critical equipment, etc. procured comply with laws, regulations and safety requirements.</li> </ul>
<b>Sample Offerings</b> 3	<ul style="list-style-type: none"> <li>● Production materials (raw and auxiliary materials, packaging materials) are purchased in accordance with GMP requirements and suppliers are notified to provide samples for inspection.</li> <li>● Inspection is carried out in accordance with quality standards and inspection reports are issued.</li> </ul>

### Supplier's on-site audits

- The materials purchased are classified into A, B and C classes according to their impact on the quality of the product, and different control measures are implemented.
- On-site assessment of suppliers of critical and key materials and completion of Supplier Audit Report.

### Identify a list of qualified suppliers

- Upon completion of the on-site assessment form or audit report, a quality assurance agreement will be signed with the supplier and the supplier will be included in the Qualified Supplier List.

### Supplier audits and appraisals

- Develop an annual audit plan and assessment plan and adjust supplier ratings based on the assessment results.
- Suppliers are audited for quality, delivery, service and price levels.
- Suppliers with problems are required to rectify them.
- Suppliers with more serious problems or who have failed to rectify problems are removed from the "Qualified Supplier List"

### Supervision of suppliers

- Monitoring of qualification project delivery quality and information of suppliers.

As at the end of the Reporting Period, the Group had a total of 268 suppliers and has implemented the above selection and assessment practices for all suppliers.

In order to achieve the goal of establishing a green supply chain, the Group has incorporated green and sustainable development requirements into the procurement process of the Group's head office and subsidiaries, including the selection of suppliers and products. For example, the Group gives priority to products packaged with environmentally friendly materials and strongly supports the replacement of plastic packaging materials with paper packaging materials, in the hope that this will encourage suppliers to actively adopt green measures in the production and operation processes, and prioritise the use of green materials in their production and operations and encourage them to fulfil their environmental responsibilities.

As at the end of the Reporting Period,



the Group had a total of

**268** suppliers

### Number of suppliers (by place of registration of suppliers)

Guangdong	47	Beijing	9
Liaoning	25	Jiangxi	7
Anhui	24	Chongqing	6
Zhejiang	23	Jilin	6
Shandong	21	Henan	5
Guangxi	17	Shanxi	4
Jiangsu	15	Hubei	4
Hebei	12	Sichuan	4
Inner Mongolia	12	Fujian	3
Shanghai	12	Tianjin	3
Hunan	9		

# 03

## People Orientation – Creating a Happy Workplace

“Respecting people, nurturing them and making them successful” is one of our business management philosophies. The employment and rights protection, development and training, health and safety of our employees are material issues for our sustainable development. By respecting our employees, recognising their abilities, using their strengths and accommodating their weaknesses, we regard people as the most valuable and value-added "capital" of Consun Pharmaceutical, Through "Achieving People", we continue to create realistic, fair, just and open development opportunities for our employees to gain career value and achieve career success.



## Employee Management

Consun Pharmaceutical strictly complies with the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China* and other laws and regulations relating to remuneration and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, other treatment and benefits, avoidance of child labour and forced labour and which have a significant impact on the Group. During the Reporting Period, we have updated and revised our internal management policies such as the *Recruitment Management System*, the *Employee Handbook*, the *Employee Labour Contract Management System*, the *New Employee Entry Management Regulations*, the *Employee Dismissal Management Regulations*, the *Attendance Management System*, the *Promotion Management Regulations* and the *Employee Behaviour and Reward and Punishment Management Regulations* to continuously improve the Group's employee management system and carry out related work in a more scientific and rational manner, thereby improving employment and work efficiency and enhancing the happiness index of our employees.

**Recruitment**



- The Group develops and continuously improves the recruitment-related management system such as the Recruitment Management System and the Recruitment and Allocation Management System to regulate the recruitment process.
- The recruitment process begins when the hiring department submits a recruitment request and the Human Resources Centre approves the request.
- The Group's recruitment process is scientifically defined and strictly enforced, with a focus on professionalism and humanization of the process to improve the candidate application experience and enhance the Group's brand development.
- We conduct recruitment activities through a variety of recruitment platforms and select suitable candidates through a process such as interviews. We sign employment contracts with our employees to protect the rights of both the Group and the employees.

**Labour Standards**



- The Group strictly complies with labour standards and laws and regulations such as the Regulations on the Prohibition of Child Labour, which prohibit the employment of child labour. During the recruitment process, we carefully check the identity information of candidates, such as their identity cards, to avoid the risk of inadvertent recruitment of child labour due to inaccurate information.
- The Group entered into labour contracts with each of its employees in accordance with the Labour Contract Management System for Employees to ensure that employees are employed on an equal and voluntary basis and to avoid the occurrence of forced labour.
- If irregularities are found, the contract will be suspended and investigated or terminated immediately, depending on the severity of the case.
- As of the end of the reporting period, there were no incidents of child labour or forced labour employed by the Group.

**Dismissals**



- The Group's Labour Contract Management System sets out the conditions, requirements and procedures for the termination of labour contracts between the two parties, the Human Resources Department may reject the decision to dismiss an employee if the requirements are not met, thereby protecting the rights and interests of employees

**Salary**



- The Group has established competitive remuneration management policies such as the Remuneration and Benefit Management System. We correlate performance with remuneration bonuses by establishing quarterly performance bonuses and year-end performance bonuses to motivate, attract and retain outstanding employees and to lay the human resources foundation for the Group's long-term development.

**Working Hours and Rest Periods**



- The Group has formulated the Employee Handbook and Employee Leave Management System according to the actual situation to regulate the working and leave time of the employee and fully protect the basic rights of the employee.

**Working hours:** five days and eight hours per day.

**Leave:** public holidays, statutory holidays, annual leave, wedding and funeral leave, maternity leave, paternity leave, work injury leave, medical leave, sick leave, personal leave, special leave, etc.

**Promotion**



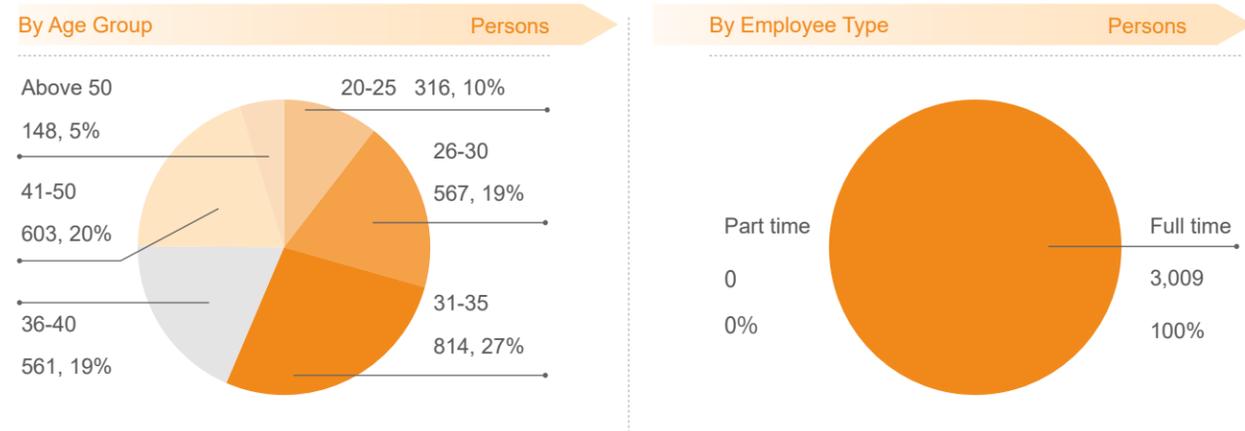
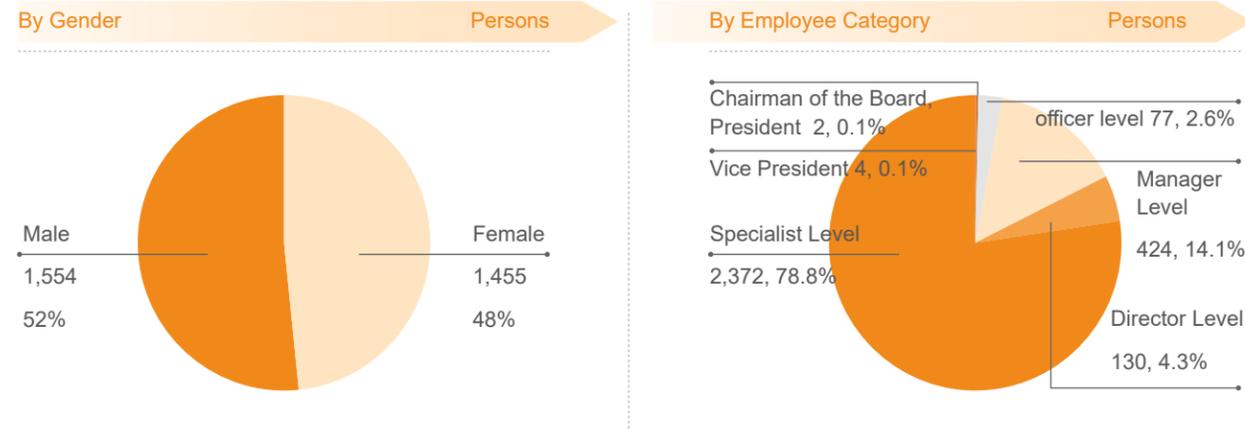
- The Group provides equal promotion opportunities for its employees based on their ability and performance, and ensures that the promotion management process is standardised and fair.
- Through a combination of key performance indicators and work target setting, we place staff with excellent performance and ability on a reserve list for priority consideration for promotion and development.

**Equal Opportunities and Anti-Discrimination**

- The Group promotes diversity and equal work opportunities for its employees and prohibits discrimination on the grounds of race, ethnicity, nationality, religious beliefs and gender.
- The Group strictly complies with the relevant national, provincial and local regulations and actively undertakes labour protection and health care work for female employees.

As of end of the Reporting Period, the Group had a total of 3,009 employees, all of whom are full-time employees. The statistics on the number of employee and employee turnover rates<sup>5</sup> by type are shown below.

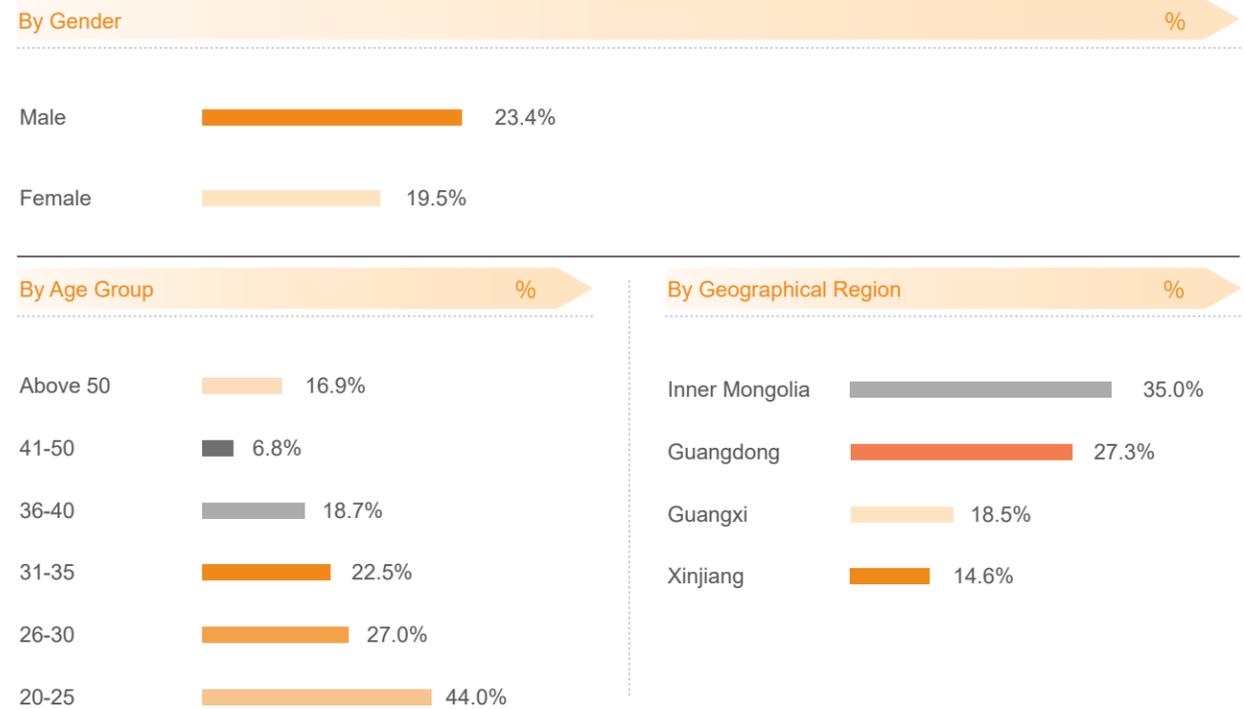
### Number of Employees



**Number of Employees**  
**3,009**



### Employee Turnover Rate



## Caring for Employees

With the team spirit of “One Heart, One Virtue, Live and Create Together,” we have formulated and implemented a number of employee-caring internal policies to build a caring corporate culture and provide our employees with a greater sense of identity, belonging and happiness in the workplace. We listen to the voices and aspirations of our employees, serve their needs, provide them with care and warmth during festivals and organise a large varieties of activities for them to enhance team cohesion and balance between work and life.

The Group has established the *Welfare Allowance Regulations*, which provide our employees with daily lunch subsidies, transport and communication subsidies, annual medical check-ups, mutual medical insurance, commercial accident insurance and festive gifts. At the same time, we have also implemented a share subscription scheme so that the interests of our workforce are more closely aligned with those of the Group, thereby further stimulating their enthusiasm for work.

**One Heart,  
One Virtue,  
Live and Create Together**



<sup>5</sup> The calculation of the turnover rate of employees: Employees in the specified category leaving employment / Number of employees in the specified category

Youth Day Outreach Programme on 28th April



Dragon Boat Festival & 1st June Children's Day Parent-Child Activity on 1st June



Employees' Birthday Party on 24th June



Culture building event organised by the mid-term marketing meeting on 15th July



Cultural event on 8th September



Organizational culture building activities for non-marketing management on 16th September



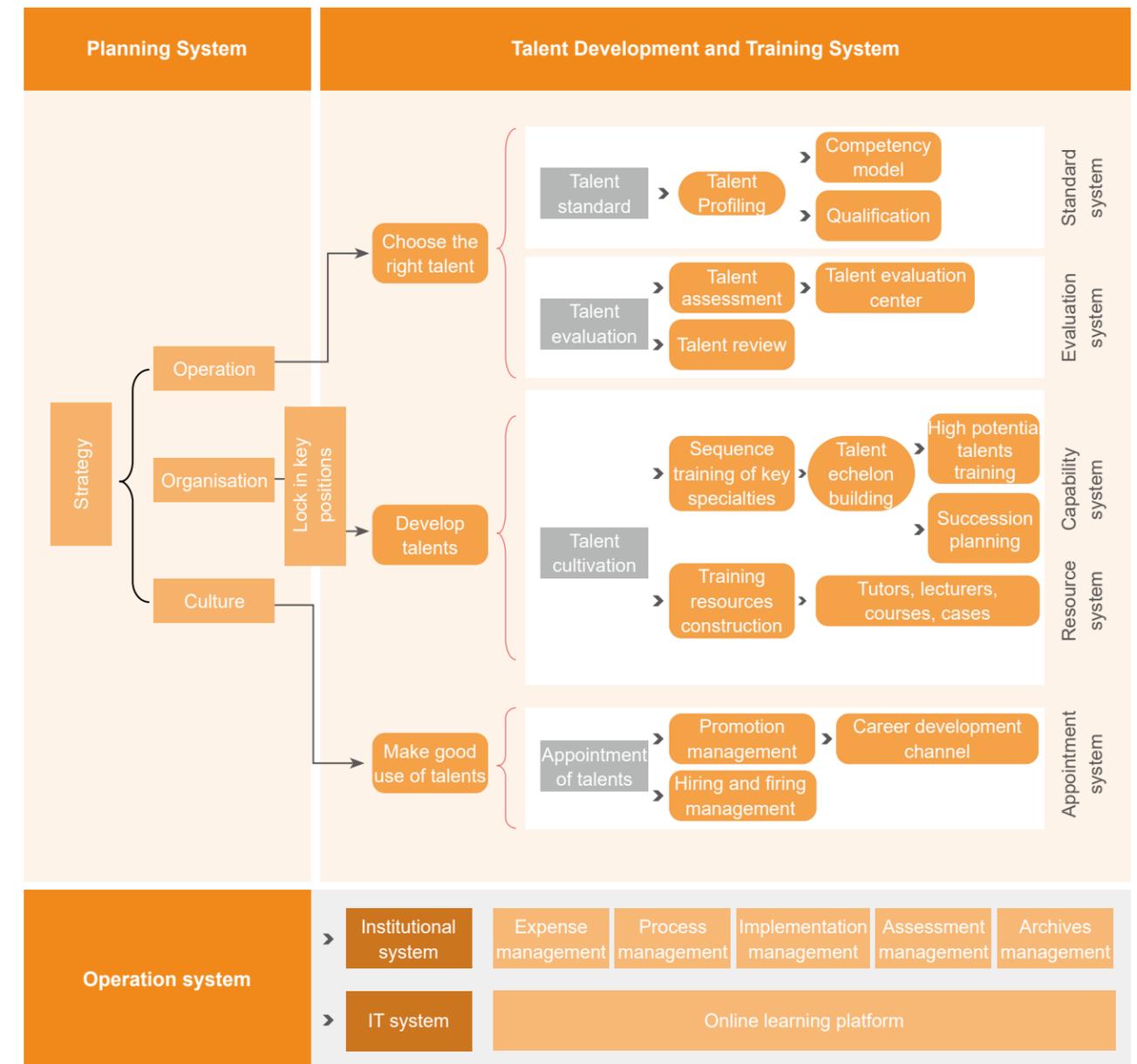
Staff Games on 3rd December



## Talent Development

Consun Pharmaceutical attaches importance to the cultivation and construction of talents, accurately identifies, selects and appoints outstanding talents, strives to establish a strong talent supply chain, and continuously improves the evaluation system and career development path for employees. During the Reporting Period, we updated and implemented the *Training and Career Development Management System*, the *Internal Trainer Management Regulations* and the *New Employee Training Management Regulations*.

The Group systematically promotes talent development projects at different levels, improves the construction of the cadre management system, and promotes the "selection, training, employment and retention" of key talents, so as to truly achieve the development goals through the two-wheel drive of organisation building and talent development. Our "Talent Development and Training System" is as follows:



In terms of training planning, the Group has established dual career development paths for its employees through four work plans: management level, duty level, skill level and job sequence.



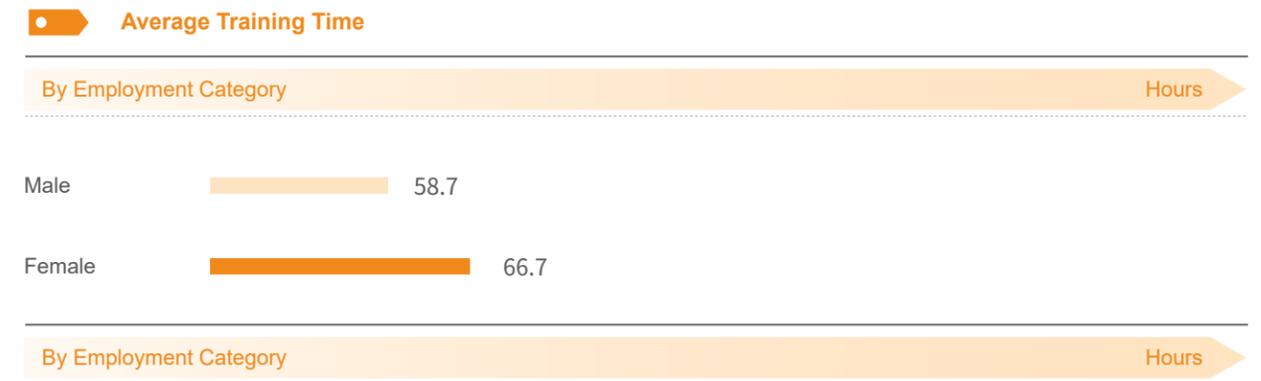
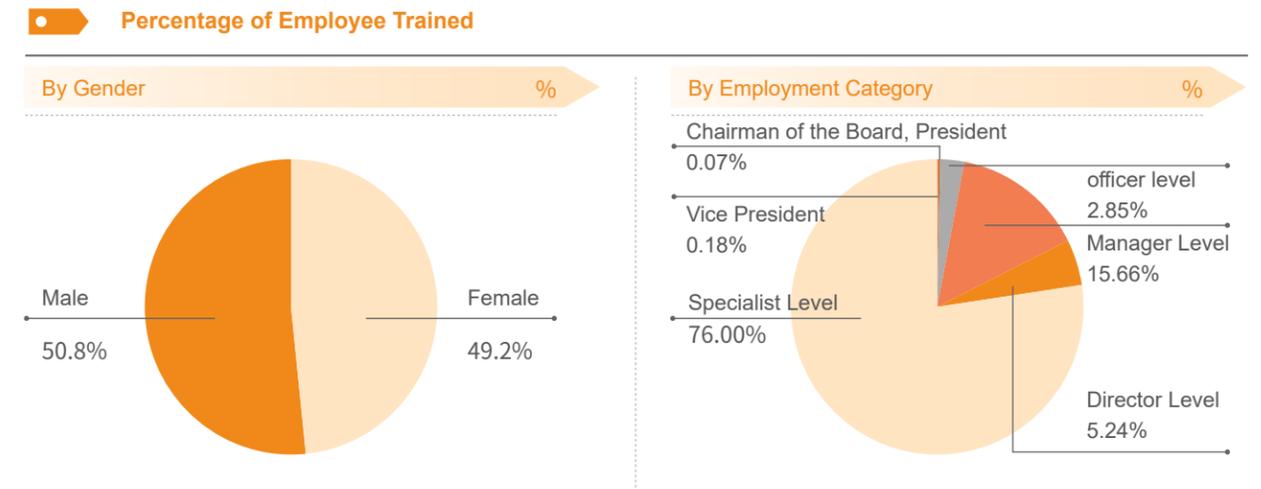
In terms of training programmes, the Group's training programmes are mainly divided into new employee induction training, job training, promotion training, compliance training, talent development training and specialised training, etc., as follows:

Category	Training Objectives
New employee induction training	Helping new employees to adapt to the new environment and to quickly meet the requirements of their jobs
Job training	Enhancing the ability of trainees to perform their duties
Promotion training	Helping existing staff upgrade their professional skills to meet the requirements of higher skill levels in their jobs
Compliance training	Helping new or existing staff raise awareness of safety and GMP requirements and compliance with regulatory requirements while in safe production and/or performing work duties at the same time
Talent development training	Designing targeted training and development programmes based on the specific skills and competencies required for key positions, building up the competencies of successors, and promoting the growth of the Group's high-potential elite cadres
Specialised training	Through the selection of outstanding talents from schools such as 985/211, to train future grassroots cadres in various fields for the enterprise at all levels and to solve the source of future leadership candidates



The Group encourages our employees to enrol in various forms of learning and training and to obtain relevant qualifications through their efforts. We will provide incentives and subsidies to those who have obtained relevant qualifications, so as to achieve personal growth while meeting the development needs of the Group and achieving a "win-win" situation with our staff.

During the Reporting Period, the Group's total training hours amounted to approximately 188,186.37 hours and the average number of training hours per employee amounted to 63 hours. The following shows the percentage<sup>6</sup> and average number of training hours<sup>7</sup> of the Group's employees by gender and type of employees respectively.



<sup>6</sup> The percentage of staff trained is calculated as: Total number of staff trained in this category / Total number of staff trained as of the end of the Reporting Period

<sup>7</sup> The average number of hours of training received by staff is calculated as: the total number of hours of training received by staff in that category / the total number of staff in that category as of the end of the Reporting Period

General Series Echelon Development Programme



New Employee Development



Specialised Training



Cultural Specialties



Talent Development Skills Assessment Programme



Business Centre Promotion Test



Assessment of all staff in the Human Resources Centre



Guangzhou Base Skills Assessment



Office of the President Skills Assessment

## Health and Safety

The Group attaches great importance to occupational health and safety and is committed to providing a safe working environment for its employees. The Group strictly complies with the laws and regulations such as the *Law of the People's Republic of China on Production Safety*, the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* and the *Regulations on Supervision and Administration of Occupational Health in workplaces*, and implements safety protection measures in production work and daily operations to protect the health and safety of employees.

As the Group's major operations cover production workshops, laboratories and office areas, we have formulated a series of occupational health and safety management documents to manage the different occupational health and safety risks in a targeted manner. We have developed and implemented the *Compendium of Safety Production Management Systems* and the *Employee Health Management Procedures* etc. to regulate occupational health and safety matters in the operation process. The Group has established a production safety leadership team, which is responsible for educating the staff under the production management department on production safety, formulating production safety implementation rules and operational procedures, implementing production safety supervision and inspection and enforcing the Group's safety directives to ensure production safety. The Group has strictly complied with the relevant laws and regulations and no work-related fatal safety incidents have occurred in the past three years. Some of the important production safety management systems are shown below.

Safety Inspection and Potential Problem Management System	<ul style="list-style-type: none"> <li>• Departments organise regular or irregular safety inspections and daily safety patrols</li> <li>• Safety inspections are focused on production systems, parts, installations, equipment and hazardous operations that are more dangerous, accident-prone or have a high risk of accidents</li> <li>• Immediate rectification, acceptance and reporting of safety hazards found</li> </ul>
Safety Education Training System	<ul style="list-style-type: none"> <li>• New recruits must receive three levels of safety training (plant, shop and post) before starting work</li> <li>• Transferred personnel should receive workshop and shift-level safety training before they are allowed to start work</li> <li>• Special trades personnel should receive special safety training, pass the assessment and obtain the corresponding qualifications before taking up the job, and be subject to regular re-audits</li> </ul>
Safety Management System for Production Equipment and Facilities	<ul style="list-style-type: none"> <li>• The Engineering and Equipment Department supervises and inspects the safety management of production equipment and facilities during installation, acceptance, operation, maintenance, repair and dismantling</li> <li>• The personnel using the equipment should strictly follow the requirements of the equipment manual to implement the safety operation procedures and avoid overheating, excessive pressure and overloaded operation</li> <li>• Implement dedicated management and maintenance of production equipment and facilities, and tailor regular maintenance methods and inspection standards for each production equipment and facility</li> </ul>
Occupational Health Management System	<ul style="list-style-type: none"> <li>• Give priority to the use of new technologies, techniques and materials that are conducive to the prevention and treatment of occupational diseases and the protection of the health and safety of workers, evaluate the effectiveness of occupational disease hazard control before the completion and acceptance of construction projects, build monitoring points for occupational hazards, and set up notice boards and warning signs, etc</li> <li>• Organise occupational health check-ups before, during and after work for operators who are exposed to occupational hazards</li> <li>• Organise regular occupational health check-ups</li> </ul>
Emergency Management System	<ul style="list-style-type: none"> <li>• The Company has set up an emergency command department and an emergency command office responsible for the daily emergency rescue management</li> <li>• The Accident Department is responsible for activating the corresponding emergency rescue plan, organising on-site rescue and accident disposal, reporting the accident situation and cooperating with the accident investigation and handling</li> <li>• The Company's Safety Committee is responsible for overseeing the accident management process, reviewing handling opinions, assisting the government and superiors in the investigation, and following up on accident handling and the implementation of rectification measures.</li> </ul>



In addition, the Group has formulated policies such as the *Overall Emergency Response Plan for Emergencies*, the *Emergency Response Plan for Laboratory Safety Incidents*, the *Emergency Response Plan for Production Safety* and the *Emergency Response Plan for Occupational Disease Hazards* for occupational health and safety-related emergencies, which were updated during the Reporting Period. The Group organises regular safety drills to enhance employees' knowledge and ability to respond to safety emergencies and to prevent or reduce the occurrence of injuries.

The Group has also formulated policies such as the *Occupational Disease Hazard Prevention and Control Responsibility System*, the *Occupational Disease Hazard Detection and Evaluation Management System* and the *Occupational Disease Hazard Publicity and Education System* to protect the occupational health of our employees and actively prevent occupational hazards. We regularly organise annual health check-ups and occupational disease examinations for our staff to keep abreast of and protect their health conditions, and arrange for the adjustment of work positions and effective treatment for staff diagnosed with occupational diseases.

Case | Home First Aid Seminar



Case | A seminar on "Women's Health Knowledge" on 4th March 2022



Case | Fire Emergency Drill



# 04

## Energy Saving and Emission Reduction - Our Green Operations

The Group understands that green production and operation is one of the fundamental principles of Consun Pharmaceutical and an important part of our sustainable development. By implementing environmental protection and energy conservation measures to minimise the negative impact of our production and operations on the environment, we are constantly improving our green production system and taking practical actions to protect the environment.



The Group has formulated environmental policies for each of these impacts and implemented a number of management measures to minimise negative impacts on the environment. In addition, we place emphasis on the development of environmental awareness among our staff. We continue to promote environmental awareness among our staff through various green activities and encourage them to work together to protect the environment.

We have also set targets and indicators in the areas of air emissions, greenhouse gas emissions, waste generation, energy use and water use, with corresponding action plans ranging from short to long term. During the Reporting Period, we have rigorously implemented and reviewed the achievement of our targets and reported progress to the Board in order to continuously improve our management of ESG targets and achieve sustainable development. During the Reporting Period, Horgos Consun commenced production and we plan to establish ESG targets and action plans for it in the future, so that ESG targets can be more fully implemented in the Group.

During the Reporting Period, the Group has strictly complied with the following environmental laws and regulations (including but not limited to) relating to emissions of exhaust and GHGs, discharges to water and land, generation of hazardous and non-hazardous waste and which have a significant impact on the Group.

- Environmental Protection Law of the People's Republic of China*
- Law of the People's Republic of China on the Prevention and Control of Water Pollution*
- Law of the People's Republic of China on Prevention and Control of Air Pollution*
- Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*
- Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution*
- Law of the People's Republic of China on Energy Conservation*



## Climate Change

In line with the Group's national strategic objective of "Carbon Peaking and Carbon Neutrality", we are mindful of the impact of climate risks and opportunities on the operations of Consun Pharmaceutical. We strongly support the initiatives of the Task Force on Climate-Related Financial Disclosure ("TCFD"). During the Reporting Period, we have re-identified climate risks that may have a significant impact on the Group and integrated climate risk-related issues into our ESG governance system. We hope that by formulating a feasible climate strategy and ensuring its implementation, we can govern our business in a more disciplined manner and firmly grasp the opportunities brought about by climate change. For more details, please refer to the "Responsible Governance - Moving Towards Quality Development" section of this Report.

In terms of climate-related risks, we have included "climate change and extreme weather" in our ESG risk pool for the year and are aware of the impact it will have on our supply, procurement costs, operating costs and compliance costs, etc. To address these potential impacts, we have developed our response strategy accordingly and plan to continuously improve our management of climate-related risks.

In addition, relevant environmental targets and action plans have been developed to reduce carbon emissions and are reviewed during this Reporting Period, details of which can be found in the "Greenhouse Gas Emissions Management" section of this Report.

## Emissions Management

### Air Emissions Management

Emissions from the Group's operations mainly come from coal-fired boiler flue gas and process emissions. We have developed and implemented policies such as the *Environmental Protection Management Regulations*, which set out the relevant responsibilities of various departments as well as operational guidelines to carry out pollution prevention, control and reduction of pollutant emissions in an effective and orderly manner.

**Air Emissions Management**

- Flue dust from coal combustion in boilers is subject to de-dusting, desulphurisation and denitrification prior to emission
- The emissions are tested quarterly by a qualified inspection body.
- To ensure the safe, reliable and efficient operation of the exhaust gas absorption system; to utilise its technical characteristics to ensure efficient, long-term, safe and economical operation of the system, thereby enabling the exhaust gas to meet emission standards.
- Recycling and proper disposal of waste gases and chemical media generated during the process, with direct emissions strictly prohibited.
- Strict control of disorganised emissions and sealing of all storage containers with lids.

The following shows our ESG targets and performance in relation to air emissions management during the Reporting Period.

Environmental Targets: Reducing Air Emissions			
Indicators	Action Plan	Completion time limit	Status of completion
Guangzhou Consun Pharmaceutical Research Centre and Production Laboratory exhaust refurbishment	Develop a waste reduction plan and implement retrofitting	Short term <sup>8</sup>	Completed
Inner Mongolia Consun promotes and optimises boiler equipment to reduce emissions	Initial stage: Search for industrial steam boilers that can be used as an alternative to coal-fired advanced process combustion or use electric combined heat and power Intermediate stage: Market research and internal analysis Late stage: Implementation stage	Long term	In progress

<sup>8</sup> The "short term" corresponding completion time frame is: 1-2 years; the "medium term" corresponding completion time frame is: 3-5 years; and the "long term" corresponding completion time frame is: 5-10 years.

**Case | Exhaust Gas Retrofit Project**

Guangzhou Consun Pharmaceutical Research Centre and Production Laboratory's exhaust gas treatment system was actively renovated to reduce the emission of air pollutants by converting the existing single disorganised emissions into a centralised collection and re-emission after adsorption by activated carbon.



**Greenhouse Gas Emissions Management**

We have been actively responding to the country's "Carbon Peaking and Carbon Neutrality" strategic objective and have been progressively reducing our carbon footprint. The following shows our ESG targets and performance in managing greenhouse gas emissions during the Reporting Period.

**Environmental Targets: Reducing Carbon Emissions from Business Travel**

Indicators	Action Plan	Completion time limit	Status of completion
Increasing the rate of travel by high-speed rail instead of air	Yulin Pharmaceutical has developed a system to encourage its staff to use high-speed rail instead of air transport for domestic or short-haul business trips	Short term	In progress
	Inner Mongolia Consun advocates the use of video or teleconferencing when travel is not necessary to reduce the need for business travel; and consider replacing air travel with high-speed rail for short non-urgent journeys	Short term	In progress

**Waste Management**

The Group's hazardous waste mainly includes waste liquids from the Medicine R&D Department, waste liquids from material inspection and product inspection in production process, discarded fluorescent tubes and ink cartridges generated from daily office work, while non-hazardous waste mainly includes pharmaceutical slag, boiler slag and food waste. The Group has established systems such as the *Pharmaceutical Slag Disposal Management System* and the *Environmental Protection Management Procedures* to standardise the management of waste disposal. For example, we stipulate that the dregs should be handed over to qualified organizations for cleaning, transfer and legalised treatment. The production sites monitor the completion and quality of work of the dregs treatment companies and communicate with them in a timely manner to ensure timely, regular and reasonable treatment of the dregs.

**Collection and Disposal**

- Hazardous and non-hazardous wastes are collected separately and stored at designated locations, and the locations where hazardous wastes are stored are marked.
- Hazardous waste such as waste liquids generated by the Medicine R&D Department are handed over to a certified recycling organisation for proper disposal.
- Hazardous waste is cleaned and disinfected on a regular basis.



**Waste Reduction**

- Reduce the impact of waste on the environment by separating and recycling recyclable waste.
- Reduce paper waste by recycling office paper and collecting paper, newspapers and books that have been fully utilised.
- Promote the recycling of office supplies and equipment to reduce the amount of waste generated in the office.



The Group actively reduces the generation of various types of waste through recycling measures of hazardous and non-hazardous waste. Please refer to the Environmental Performance Index in the Appendix for detailed statistics.



In addition, we have strictly implemented the waste reduction target action plan during the Reporting Period, completed the installation and adjustment, and started to operate the waste reduction equipment. Relevant targets and implementation records are as follows:

Environmental Targets	Indicators	Action Plan	Completion time limit	Status of completion
Promoting Waste Recycling	Increasing the amount of waste collected	Setting up the paper waste recycling area and regional signs in production base and office area of Guangzhou Consun, and encouraging employees to actively classify and recycle paper waste	Short term	In progress
		Yulin Pharmaceutical increased the number of waste recycling slogans to encourage employees to actively participate in the waste sorting and recycling work	Short term	In progress
Waste Reduction	Improving the utilization rate of packaging materials and reducing the output of waste packaging materials	Developing KPI index of packaging material utilization, and training existing production line staff	Medium term	In progress
	Reducing the use of product cartridges consumables	Initial stage: Research Intermediate stage: Procurement Late stage: Installation, adjustment and operation	Short term	In progress

**Case | Improve the printing method of labeling machine to reduce waste output**



Before the improvement of the labeling machine



After the improvement of labeling machine

**Case | Yulin Pharmaceutical actively promotes waste recycling**



Put up signs to recycle single-sided paper



Garbage sorting and recycling are implemented in public areas

## Energy Conservation and Consumption Reduction

The Group actively implements energy conservation and consumption reduction measures to reduce greenhouse gas emissions caused by its operations and promote a green and low-carbon business model. The Group's energy consumption mainly comes from production base operations, office area electricity consumption and vehicle usage. We have formulated and implemented internal policies such as the *Energy Efficiency Monitoring and Measurement Management Regulations*, the *Energy Efficiency Assessment Management Regulations*, the *Power Energy Management Regulations* and the *Energy Saving Target Management Regulations* to actively implement energy saving measures. The following shows our targets and performance in relation to energy saving and consumption reduction during the Reporting Period.

Environmental Targets	Indicators	Action Plan	Completion time limit	Status of completion
Reducing Energy Consumption per Product	Bulk expansion of large volume injectable products	Guangzhou Consun initiated a change to expand the batch size of the large volume injectable workshop according to the working capacity of the workshop equipment	Short term	Completed
	Reducing energy consumption per unit time for air conditioning, water, electricity and steam			
Reducing Corporate Energy Consumption	Adopting energy-efficient equipment and facilities and promoting renewable energy projects	<ul style="list-style-type: none"> <li>Phasing out fluorescent tubes in favour of energy efficient LED luminaires;</li> <li>Phasing out or replacing energy-consuming motors;</li> <li>Adoption of photovoltaic panels for street lighting;</li> <li>Adoption of energy efficient technologies</li> </ul>	Medium term	In progress

## Water Resources Management

The wastewater generated from the Group's production process is mainly industrial wastewater and domestic sewage, with major pollutants including chemical oxygen demand, suspended solids, ammonia nitrogen and phosphorus. We have implemented various water management policies to regulate wastewater treatment and water conservation measures to effectively protect water resources. The following shows our targets and performance during the Reporting Period in relation to wastewater treatment and water conservation.

Environmental Targets	Indicators	Action Plan	Completion time limit	Status of completion
<b>Reduction in Product Process Water Consumption</b>	Reducing water consumption for product extraction	Guangzhou Consun initiates changes to reduce water consumption for the extraction of Chinese medicine varieties, with full implementation planned after validation	Short term	Completed
<b>Increasing Investment in Water-Saving Equipment</b>	Adoption of water-saving engineering measures	Initial stage: Searching for measures and methods of extraction, water concentration and utilization; Intermediate stage: After analyzing the feasibility through research and study, proceeding to the planning and organizing stage; Late stage: Implementation Phase	Long term	In progress
		Further increase in cooling water recovery through additional cooling water recovery equipment	Short term	In progress
<b>Reduction in Average Water Consumption</b>	Adoption of water conservation administrative measures	Checking water usage regularly	Short term	In progress

### Case | Yulin Pharmaceutical is committed to water conservation



Check water usage daily so that it can be adjusted to reduce average water consumption in case of abnormalities

## Chemicals Management

The Group attaches great importance to the use, treatment and storage of chemicals in the process of research, development and production, and properly manages chemicals from the dual perspectives of safety and environmental protection to prevent some chemicals with toxicology, combustion and explosion characteristics from being improperly handled or leaked, so as to protect the health and safety of employees and protect the natural environment. We have developed and implemented policies such as the *Management System for Reagents, Reference Standards, Biological Materials and Subjects* and the *Spill Prevention Measures for Yulin Pharmaceutical Chemicals* to regulate the acquisition, storage and disposal of chemicals after use, spill prevention measures and related emergency response measures.

### Chemical Safety Measures

- Chemicals must be obtained from proper sources and stored in accordance with the required storage conditions.
- Record chemical storage data to ensure proper storage and transfer of chemicals.
- Properly trained staff are required to handle chemicals.
- Strict chemical store management.
- Preventive measures for leaking drums and chemical containers are implemented.
- Implement spill prevention measures for open storage of chemicals.

### Case | Yulin Pharmaceutical was awarded



Yulin Pharmaceutical was awarded "Standardised Production Safety Level 3 Enterprise" on 30th March

# 05

## Giving back to the Community - Showing Corporate Responsibility

Consun Pharmaceutical always upholds the principle of "serving the nation through industry" and insists on serving the community and the public, contributing our efforts to building a harmonious society. We not only participate in charitable activities to support the development of medicine in the industry, but also sponsor and participate in various community welfare, voluntary services, poverty alleviation and poverty alleviation activities to convey our care and warmth to the society, so that Consun Pharmaceutical can better fulfill its civic responsibility.



In 2018, the Group set up a corporate-initiated, employee-engaged volunteer organisation called "Consun Charity Association". The "Consun Charity Association" promotes participatory and experiential philanthropic actions and volunteer services through its own approach and collaborating with NGOs. The organisation is registered with the Guangdong Charity Federation.



## A Review of 25 Years of Consun Pharmaceutical's Charity Activities

Donation of RMB23,000 for the Heilongjiang floods in 1998



In 2000, we sponsored a Health Education Session on Peritoneal Dialysis at XiangYa School of Medicine



In October 2009, Consun Pharmaceutical acquired Inner Mongolia Kangyuan Pharmaceutical, allowing more than 100 employees to avoid losing their jobs



Donation to the Wenchuan Earthquake in 2010



In October 2016, Yulin Pharmaceutical donated to the Yuzhou District Poverty Alleviation Fund



Launching a charity event at Xin Yuan Primary School in Guangzhou in 2018



In September 2020, the "Mid-Autumn Festival, National Day Celebration" campaign was launched to warm the heart and care for the elderly



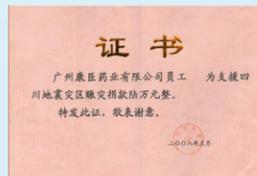
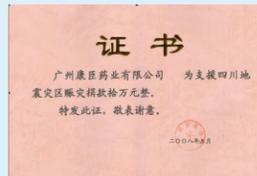
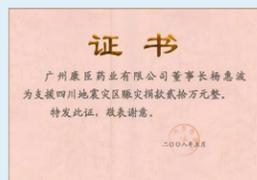
In 2020, Donated RMB218,000.00, RMB625,907.20 and RMB35,000.00 respectively for related charity projects



Sponsor of CCTV Health Road Campaign in 1999



Donation to Wenchuan Earthquake Victims in 2008



Donation to the Yushu earthquake area in Qinghai in 2010



In 2015, Consun Pharmaceutical donated HK\$5 million to Hong Kong Baptist University to establish a Chinese Medicine Research Centre for Nephrology



2017-2018 Inner Mongolia Consun has reached out to Horqin Left Wing Back Banner several times to help alleviate poverty in a precise manner



Donate RMB 1 million to the South China University of Technology in 2019 to set up the "Consun Fellowship for Collaborative Innovation"



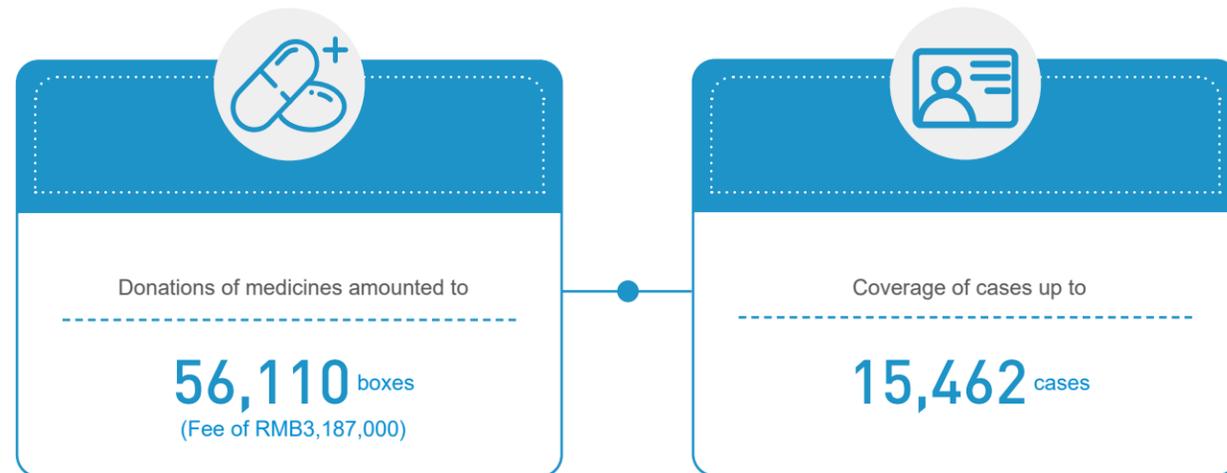
In May 2021 Consun Health Charity Project - Love School Project (Mihu Lake Primary School Station)



In 2022, these charity activities are continuously carried out .....



During the Reporting Period, we actively used our own resources to launch special activities such as the Blue Ribbon project to donate medicines to the community, fully demonstrating our corporate responsibility as a pharmaceutical company and our strong sense of social responsibility.



Information on the Group's awards for public welfare during the Reporting Period is as follows:

On 14th January, the Group was awarded the "2021 Listed Company Social Responsibility Award" and Ms. Qian Li, CEO, was named "2021 Responsible Business Leader of the Year"



On 29th December, the 12th China Philanthropy Festival was held in Shanghai. With its continuous efforts and outstanding performance in the field of public welfare, Consun Pharmaceutical was awarded the "2022 ESG Practice Paragon Award" and Ms. Qian Li, the founder, Vice Chairman of the Board and CEO of the Group, was awarded the "2022 Public Welfare Figure of the Year Award".

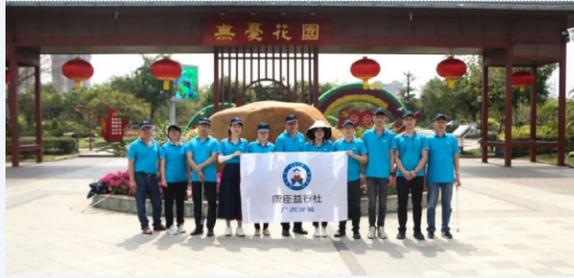


The timeline of the Group's philanthropic activities during the Reporting Period is set out below, in line with the "Materiality Principle" of the ESG Guide.

On 9th January, Health Charity Walk - Kidney Friends Family



On 11th March, Consun Charity Association held a charity tree planting event in Guangzhou



On 12th March, the Group donated RMB395,500 worth of anti-epidemic materials to the Red Cross Society of Hohhot, Inner Mongolia



On 17th March, Green Tree Planting Event



On 18th May, Inauguration ceremony of the "Consun Jieyi Class"



In June, started an interactive community support programme in Huangpu District, Guangzhou



On 22nd July, the Guangzhou branch of the Consun Charity Association organised a community resource sharing event for the community



On 2nd September, the Group donated school uniforms worth RMB122,640 to Mihu Secondary School and launched a giant painting campaign



On 28th September, we launched a programme to pay tribute to the elderly



On 9th October, the Guangzhou branch of the Consun Charity Association launched the 3rd Yunpu Street "City Beauticians" Care and Compassion Campaign.



On 11th October, launching of the initiative for lighting up the "Chronic Kidney Disease" families and granting the small wishes of "The Aged caring for the Disabled" families



On 10th December, the Yulin Branch of the Consun Charity Association held an activity to show sympathy to the sanitation workers



Doing what we can to help others to achieve their own, the public welfare activities of Consun Pharmaceutical have gone through 25 years, and we will continue to do good in the future!

## Public Sympathy and Giving Back to the Community

### Case | Yulin Branch of the Consun Charity Association launched an activity to express regards to the environmental protection workers

On 10th December, a total of 26 staff members from Yulin Branch of the Consun Charity Association started the "Heart for the Environment, Warmth for Winter" activity at Yulin Exhibition Centre and Jiangnan Park.



### Case | The "Summer Cooler" sympathy programme

On the day of the event, a team from the Consun Charity Association came to the Sanyuanli Street Visit and Sympathy Centre to express their concern and sympathy to the security and stability, community affairs and epidemic prevention and control staff, as well as to give them supplies such as Silver Flower Syrup, Yun Xiang Jing, Zheng Gu Shui and summer drinks to support them.



### Case | Supporting epidemic prevention and control efforts

In March 2022, Consun Pharmaceutical actively responded to the call of the Inner Mongolia Pharmaceutical Enterprises Association and donated RMB395,500 worth of anti-epidemic materials to the Red Cross Society of Hohhot, Inner Mongolia, to help prevent and control the epidemic there. On 29th December, Consun Pharmaceutical donated RMB 1 million to the Red Cross Society of Kezuo Houqi, Inner Mongolia for the prevention and control of the epidemic. The donation was also a token of appreciation for the strong support and assistance provided by the Party Committee and government of the Houqi Banner over the years, as well as a token of appreciation for the efforts made by the people of the Houqi Banner for the Group's development.



## Helping the Elderly and Spreading Warmth

### Case | Warm hearts for the elderly

On the occasion of the Chung Yeung Festival, in order to promote the traditional Chinese virtues of respecting, honoring, loving and helping the elderly, Yulin Pharmaceutical and Yulin Branch of Consun Charity Association jointly held a sympathy activity for the elderly, sending gifts such as peanut oil, rice, eggs and noodles to the elderly in Shatian Township, Fumian District, Yulin, and offering greetings for the festival. In addition, members of the Yulin Pharmaceutical team picked up tools and worked in groups to clean the nursing home and talk to the elderly, as well as helping them with massage to relieve their physical pain and discomfort.



## Health Promotion and Helping the Disadvantaged

### Case | Active contribution to the "Health for Good - Kidney Family" annual meeting

On 9th January 2022, Consun Pharmaceutical and Foshan Fukang Social Work Service Centre co-organised the "Health and Public Welfare Walk – Getting Close with Kidney Disease Patients" annual meeting of the People's Hospital of Gaoming District. Consun Pharmaceutical has prepared hundreds of medicine boxes and gifts for this event and introduced our products to help the kidney disease patients to recover soon with love and care. In addition, through this event, the kidney disease patients were able to share their experiences with each other and spread love and hope to help more patients recover as soon as possible.



### Case | The initiative for lighting up the "Chronic Kidney Disease" families and granting the small wishes of "The Aged caring for the Disabled" families

In October 2022, Consun Pharmaceutical participated in the "small wishes campaign" and delivered supplies to 13 families in need and with the aged caring for the disabled and 20 families of chronic kidney disease disabled patients, to promote health knowledge and make them feel the love and warmth of the community. In the future, we will continue to participate in related activities and contribute materials to grant the small wishes for more families in need and with disabled family members, and to fulfil our mission with practical actions.



Speech by the Deputy Director of the Office of the President and President of Consun Charity Association

## Caring Schools and Helping Education

### Case | Joint school-enterprise activities with Miluo Primary School

In September 2022, in the presence of the Sangzhi County Charity Federation of Hunan Province, Consun Charity Association signed a donation agreement with Mihu Secondary School, donating school uniforms worth approximately RMB130,000 to the first year students of Mihu Secondary School. Afterwards, the club organised a giant painting event at Mihu Secondary School and Mihu Primary School, inviting teachers and students from both schools to paint a picture of love. The picture depicts the charitable deeds of Consun Pharmaceutical in the two schools, reflecting the excellent results of the collaboration of schools and enterprises. Many children participated in such an activity for the first time. They were excited and added their own strokes to the giant painting.



## Practicing Public Welfare and Teaching People Skills

### Case | The 2022 "Consun Jieyi Class" inauguration ceremony was successfully held

In May 2022, the inauguration ceremony of the 2022 "Consun Jieyi Class" was held simultaneously at the Guangzhou headquarters and Changchun of Consun Pharmaceutical Group in a combined "offline + online" format. Since its inception in 2019, the Class has provided targeted training to 100 trainees to support their employment at home, while also supporting the development of the disability industry. We are committed to helping the trainees learn how to earn a living, not only to help them realise their value, but also to contribute to society, which is the Group's original intention to give back to the community.



In the future, Consun Pharmaceutical will continue to actively participate in public welfare projects, practice our original intention for public welfare, spread our goodwill and care for the whole society, and let the great love of Consun Pharmaceutical shine in all directions.

# 06

## Industry Support and Promoting a “Win-Win” Situation

In order to enhance the strength of the healthcare industry chain, Consun Pharmaceutical continues to strengthen industry collaboration by entering into strategic partnerships with renowned companies and schools, and actively engaging in information and resource sharing activities to promote the stable development of the industry and better serve patients. At the same time, through mutual assistance in the industry, we can also fulfill our corporate social responsibility and achieve a “win-win” situation, which is the way for the Group to achieve sustainable development.



**Case | Strategic partnership with a leading Top 50 Chinese medicine company**

On 7th January 2022, Consun Pharmaceutical signed a strategic cooperation framework agreement with a renowned top 50 Chinese medicine company. According to the agreement, Consun Pharmaceutical and the renowned pharmaceutical company have decided to fully leverage their strengths to use industry and capital partnerships as a link and promote strategic cooperation in the pharmaceutical and health industry, especially in the Chinese medicine and health industry, through strong alliances and complementary strengths, and to help Consun Pharmaceutical maintain its leading position in the important health field of urological system, especially nephrology, in China.



**Case | Yulin Pharmaceutical brought a series of high-quality products to Xiding**

In June 2022, the 2022 China Health Commodities Fair ("Xiding Fair") was held at Haihua Island, Hainan. This year's event brought together more than 800 multi-disciplinary manufacturing enterprises, including the top 100 pharmaceutical manufacturers, over 20,000 exhibits, over 20,000 downstream buyers, over 2,000 pharmacy chains, over 500 third-party empowerment organisations, representatives from the top 100 pharmaceutical manufacturers, pharmacy chains and many industry experts from all over China.

As an old Chinese name in the field of Chinese medicine, Yulin Pharmaceutical brought many of its best products to the show. We provided participants with a good understanding of Yulin Pharmaceutical's product clusters and marketing services, and received more than 500 visitors through guided tours and the distribution of posters and brochures, effectively enhancing the communication and cooperation between Yulin Pharmaceutical and regional and county chains. Yulin Pharmaceutical also distributed experiential packs of Zheng Gu Shui and Yun Xiang Jing at the exhibition, which were used by over 300 participants. This not only gave participants a deeper understanding of the quality of Yulin Pharmaceutical products, but also reinforced the confidence and determination of the county chain cooperation.



**Case | Consun Pharmaceutical at the 5th Annual Conference of the Radiology Branch of the Chinese National Health Association**

From 23rd to 26th June 2022, the 5th Annual Conference of the Radiology Branch of the China National Health Association was successfully held through the "online + offline" mode. The conference focused on the cutting-edge technology of imaging research at home and abroad, and Consun Pharmaceutical was invited to attend the conference. As a classic academic event of the conference, the Young Doctors' Microlearning Competition aimed to improve the teaching standard of young doctors in medical imaging. Consun Pharmaceutical actively supported this competition, including the conference paper competition, electronic poster competition, micro-course competition and other academic activities.

The conference was well attended by experts and scholars, and once again, the products and services of Consun Pharmaceutical were recognised by the experts. In the future, we will continue to provide more quality products for the benefit of patients and strive to be a contributor to human health.



**Case | Consun Pharmaceutical helps Chongqing Medical Association's Obstetrics and Gynecology Branch 2022 Annual Academic Conference**

In July 2022, the 2022 Annual Academic Conference of the Chongqing Medical Association's Obstetrics and Gynaecology Branch was held. The conference included a number of special reports, and Consun Pharmaceutical brought a series of high-quality products to the conference, showcasing its corporate image and product image through product displays and related research activities, which further brought Yuanlikang closer to consumers and attracted many experts to stop by and taste it. The staff of Consun Pharmaceutical gave detailed and professional answers to the queries of clinicians on the efficacy of Yuanlikang.



**Case | Consun Pharmaceutical participated in the 2022 Annual Meeting of the Renal Disease Professional Committee of the Chinese Association of Traditional Chinese Medicine and Western Medicine**

From 11th to 12th November 2022, the 2022 Annual Meeting of the Renal Disease Committee of the Chinese Association of Traditional Chinese and Western Medicine (CACWM) was held. The conference would focus on the integration of Chinese and Western medicine in the treatment of difficult kidney diseases, and continue to promote the integration of Chinese and Western medicine in China to the centre of the world.

For many years, Consun Pharmaceutical has been dedicated to research on the combined application of Chinese and Western medicine in the field of kidney disease, and its representative drugs include Kidney Repair and Edema Alleviation Granules (益肾化湿颗粒) and Uremic Clearance Granules (尿毒清颗粒). We have initiated an open-ended research project on the "integration of basic and clinical aspects" in our professional committee.



# Appendix

## Environmental Performance Index

	Data in 2022 <sup>9</sup>	Data in 2021	Data in 2020	Unit
<b>Resource Consumption<sup>10</sup></b>				
Total Energy Consumption	89,585.29	93,269.88	81,643.70	mWh
Total Energy Consumption Intensity	0.38	0.46	0.47	mWh/RMB10,000 of income <sup>11</sup>
<b>Direct Energy Consumption</b>				
Total Natural Gas Consumption <sup>12</sup>	3,830	5,076	\	m <sup>3</sup>
Natural Gas Consumption Intensity	0.016	0.025	\	m <sup>3</sup> /RMB10,000 of income
Total Coal Consumption	7,116.10	7,692.78	7,282.07	Tonnes
Coal Consumption Intensity	0.030	0.038	0.042	Tonnes/RMB10,000 of income
Total Gasoline Consumption (Vehicles) <sup>13</sup>	117,467.19	107,926.00	102,202.00	Liters
Gasoline Consumption Intensity (Vehicles)	3,174.79	3,083.60	3,097.03	Liters/gasoline-using vehicles
Total Diesel Consumption (Vehicles)	42,726.14	34,779.00	27,946.00	Liters
Diesel Consumption Intensity (Vehicles)	3,560.51	2,898.25	2,328.83	Liters/diesel-using vehicles
<b>Indirect Energy Consumption</b>				
Total Purchased Electricity Consumption	14,235.07	13,274.40	11,513.89	mWh
Purchased Electricity Consumption Intensity	60.84	64.92	65.69	kWh/RMB10,000 of income
Total Purchased Steam Consumption	36,355.52	36,842.94	28,558.26	Tonnes
Purchased Steam Consumption Intensity	0.16	0.18	0.16	Tonnes /RMB10,000 of income
Total Water Consumption	368,767.02	378,089.00	338,704.00	Tonnes
Total Water Consumption Intensity <sup>14</sup>	1.58	1.85	1.93	Tonnes/ RMB 10,000 of income
Total Packaging Box Consumption	1,499.20	1,126.61	911.62	Tonnes
Packaging Box Consumption Intensity	0.0064	0.0055 <sup>15</sup>	0.0052	Tonnes/ RMB 10,000 of income
Total Specification Consumption	0.0004	0.0004	0.0004	Tonnes/ RMB 10,000 of income
Specification Consumption Intensity	581.21	486.68	415.24	Tonnes
Paper Box Consumption Intensity	0.0025	0.0024	0.0024	Tonnes/ RMB 10,000 of income
<b>Air Pollutants Emissions of Boilers<sup>16</sup></b>				
NO <sub>x</sub> Emissions	4.92	0.23	4.92	Tonnes

<sup>9</sup> The Group's subsidiary, Horgos Consun, officially commenced production in 2022 and therefore the relevant figures have increased compared to 2021.

<sup>10</sup> The calculation of total energy consumption includes natural gas, coal, gasoline, diesel, purchased electricity and purchased steam, the calculation methods are referenced from the Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises (Trial), the Automobile Diesel Fuels (GB 19147-2016) and the Gasoline for Motor Vehicles (GB 17930-2016).

<sup>11</sup> The revenue of the Group in 2022 was RMB 2,339,650,000.

<sup>12</sup> The Group has started recording the data in 2021.

<sup>13</sup> As of the end of the Reporting Period, the Group owned a total of 37 gasoline vehicles and 12 diesel vehicles, adding 2 new gasoline vehicles compared to 2021.

<sup>14</sup> The calculation of total water consumption includes tap water consumption, bottled water consumption and groundwater consumption.

<sup>15</sup> This figure has been revised to 0.0055 Tonnes/ RMB 10,000 of income in 2021, after the statistical horizon for 2021 has been adjusted to be consistent with that during the Reporting Period.

<sup>16</sup> The calculation of air pollutant emissions from boilers includes only the boilers of Inner Mongolia Consun and the calculation methods are referenced from the Industrial Boilers (Heat Production and Supply Industry) Production Coefficient Table – Biomass Industrial Boilers.

SO <sub>2</sub> Emissions	2.04	2.33	1.92	Tonnes
PM Emissions	0.54	0.67	1.91	Tonnes
<b>Air Pollutant Emissions of Vehicles<sup>17</sup></b>				
CO Emissions	1,555.39	1,413.94	1,333.74	Kg
NO <sub>x</sub> Emissions	1,282.75	924.25	1,038.34	Kg
SO <sub>x</sub> Emissions	2.46	2.06	1.94	Kg
PM2.5 Emissions	31.87	26.7	31.63	Kg
PM10 Emissions	35.26	29.54	35.05	Kg
<b>Air Pollutant Emissions of Natural Gas<sup>18, 19</sup></b>				
SO <sub>2</sub> Emissions	0.0021	\	\	Kg
NO <sub>x</sub> Emissions	4.5960	\	\	Kg
PM Emissions	0.4213	\	\	Kg
<b>Greenhouse Gas Emissions (Scope 1 &amp; Scope 2)</b>				
Total Greenhouse Gas Emissions	72,057.20	71,151.2114	31,857.68	Tonnes CO <sub>2</sub> e
Greenhouse Gas Emission Intensity	0.308	0.34814	0.182	Tonnes CO <sub>2</sub> e / RMB 10,000 of income
<b>Greenhouse Gas Emissions (Scope 1)</b>				
Greenhouse Gas Emissions (Scope 1)	53,214.68	52,549.1214	16,418.91	Tonnes CO <sub>2</sub> e
Boiler Emissions <sup>20</sup>	14,741.07	15,935.66	15,084.88	Tonnes CO <sub>2</sub> e
Vehicle Emissions <sup>21</sup>	447.04	336.33	302.86	Tonnes CO <sub>2</sub> e
Natural Gas Emission <sup>22</sup>	37,239.52	35,517.73 <sup>23</sup>	\ <sup>24</sup>	Tonnes CO <sub>2</sub> e
Refrigerant Emissions <sup>25</sup>	813.47	794.43	1,049.31	Tonnes CO <sub>2</sub> e
Offset by Trees <sup>26</sup>	(26.43)	(35.03)	(28.96)	Tonnes CO <sub>2</sub> e
<b>Greenhouse Gas Emissions (Scope 2)</b>				
Greenhouse Gas Emissions (Scope 2)	18,842.52	18,602.09	15,438.76	Tonnes CO <sub>2</sub> e
Purchased Electricity Emissions <sup>27</sup>	8,118.26	7,750.92	7,024.62	Tonnes CO <sub>2</sub> e
Purchased Steam Emissions <sup>28</sup>	10,724.26	10,851.16	8,414.14	Tonnes CO <sub>2</sub> e
<b>Wastewater Discharge</b>				
Wastewater Processed	180,763.12	176,424.29	193,639.02	Tonnes
Wastewater Processed Intensity	0.77	0.86	1.10	Tonnes/ RMB 10,000 of income

<sup>17</sup> The calculation of air pollutant emissions of vehicles includes the vehicles of the Group owned and operated and the calculation methods are referenced from the Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial).

<sup>18</sup> The calculation of air pollutant emissions of natural gas includes the consumption of purchased natural gas at the Group's Guangzhou office and the calculation methods are referenced from the Domestic Pollution Source Emissions Factor Manual.

<sup>19</sup> The Group has started recording the data in 2022.

<sup>20</sup> The calculation of greenhouse gas emissions from boilers includes only the boilers of the production bases of Inner Mongolia Consun and the calculation methods are referenced from the Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises (Trial).

<sup>21</sup> The calculation of greenhouse gas emissions of vehicles includes the vehicles of the Group owned and operated, the calculation methods are referenced from the Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for On-road Transportation Enterprises (Trial).

<sup>22</sup> The calculation methods of greenhouse gas emissions of natural gas are referenced from the Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises (Trial).

<sup>23</sup> Greenhouse gas emissions from natural gas use in 2021 are adjusted to 35,517.73 tonnes CO<sub>2</sub>e, and the corresponding greenhouse gas emissions (Scope 1), total greenhouse gas emissions, and the greenhouse gas emission intensity in 2021 are adjusted to 52,549.12 tonnes CO<sub>2</sub>e, 71,151.21 tonnes CO<sub>2</sub>e and 0.348 tonnes CO<sub>2</sub>e / RMB 10,000 of income.

<sup>24</sup> The Group has started recording the data in 2021.

<sup>25</sup> The calculation methods of emissions of refrigerants are referenced from the Global Warming Potential Values(2016).

<sup>26</sup> The calculation methods of greenhouse gas offset by trees are referenced from the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong.

<sup>27</sup> The electricity emission factor used in 2022 calculation is with reference to the Notice on the Preparation of the Greenhouse Gas Emission Reporting and Management Work for Electricity Generation Industry in 2023-2025 issued by the Ministry of Ecology and Environment of the People's Republic of China.

<sup>28</sup> The calculation methods of greenhouse gas emissions of purchased steam are referenced from the Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises (Trial).

COD Discharge <sup>29</sup>	25.22	41.05	38.54	Tonnes
COD Discharge Intensity	0.00011	0.00020	0.00022	Tonnes/ RMB 10,000 of income
<b>Generation of Non-Hazardous Waste</b>				
Total Amount	14,291.08	11,964.10	10,035.55	Tonnes
Generation of Medicine Dreg	13,189.61	10,689.56	8,866.07	Tonnes
Recovery of Medicine Dreg	13,189.61	10,689.56	8,866.07	Tonnes
Generation Intensity of Medicine Dreg	0.056	0.052	0.051	Tonnes/ RMB 10,000 of income
Generation of Boilers' Residue	924.86	1,076.99	1,021.06	Tonnes
Recovery of Boilers' Residue	924.86	1,076.99	1,021.06	Tonnes
Generation Intensity of Boilers' Residue	0.0040	0.0053	0.0058	Tonnes/ RMB 10,000 of income
Generation of Waste Packaging Materials	164.83	183.53	140.92	Tonnes
Recovery of Waste Packaging Materials	157.58	183.53	133.18	Tonnes
Generation Intensity of Waste Packaging Materials	0.0007	0.0009	0.0008	Tonnes/ RMB 10,000 of income
Generation of Food Waste	11.77	13.93	7.50	Tonnes
Recovery of Food Waste	9.24	13.93	7.50	Tonnes
Generation Intensity of Food Waste	0.004	0.005	0.003	Tonnes/Employee
<b>Generation of Hazardous Waste</b>				
Total Amount	8.28	6.22	4.81	Tonnes
Generation of Waste Laboratory Liquid	7.55	5.90	4.50	Tonnes
Generation Intensity of Waste Laboratory Liquid	0.00003	0.00003	0.00003	Tonnes/ RMB 10,000 of income
Generation of Waste Ink Cartridge	104.28 <sup>30</sup>	56.65	70.05	Kg
Generation Intensity of Waste Ink Cartridge	0.0004	0.0003	0.0004	Kg/ RMB 10,000 of income
Generation of Waste Toner Cartridge	66.06	0	115.50	Kg
Generation Intensity of Waste Toner Cartridge	0.0003	0	0.0007	Kg/ RMB 10,000 of income
Generation of Waste LED Lightning	177.78 <sup>31</sup>	70.83	44.95	Kg
Generation Intensity of Waste LED Lightning	0.0008	0.0003	0.0003	Kg/ RMB 10,000 of income
Generation of Waste Batteries	80.13	50.81	8.60	Kg
Generation Intensity of Waste Batteries	0.00034	0.00025	0.00005	Kg/ RMB 10,000 of income
Generation of Waste Imaging Drum	65.96	60.12	69.00	Kg
Generation Intensity of Waste Imaging Drum	0.0003	0.0003	0.0004	Kg/ RMB 10,000 of income
Generation of Waste Fluorescent Tubes	231.06 <sup>32</sup>	82.32	3.90	Kg
Generation Intensity of Waste Fluorescent Tubes	0.00099	0.00040	0.00002	Kg/ RMB 10,000 of income

<sup>29</sup> The sources of the Group's 2022 COD emissions include the production bases of Guangzhou Consun, Inner Mongolia Consun and Yulin Pharmaceutical, while Horgos Consun has not been included for the time being as it only officially commenced production during the Reporting Period and commenced the EIA process in March 2023.

<sup>30</sup> The Group has included ink cartridges used in production in the Reporting Period for standardised management purposes, and ink cartridges used in production are not included in 2020 and 2021.

<sup>31</sup> As Inner Mongolia Consun underwent extensive maintenance changes in May, August and December during the Reporting Period, therefore the usage was higher.

<sup>32</sup> As Inner Mongolia Consun underwent extensive maintenance changes in May, August and December during the Reporting Period, therefore the usage was higher.

## Social Performance Index

Safety			
Number of Fatalities	Employee	0	Person
Work Injury and Safety Accidents	Number of Accidents	0	Event
	Lost Days due to Injury	0	Day
Product Safety	Medicine Recalls Due to Safety and Health	0	%
Employees			
		Number of Employees	Turnover Rate <sup>33</sup>
	Total Employees	3,009	21.5%
By Gender	Male	1,554	23.4%
	Female	1,455	19.5%
By Employment Type	Full-time	3,009	21.5%
	Part-time	0	0
By Age	20-25	316	44.0%
	26-30	567	27.0%
	31-35	814	22.5%
	36-40	561	18.7%
	41-50	603	6.8%
	Above 50	148	16.9%
Regional Distribution	Guangzhong	534	35.00%
	Guangxi	484	27.30%
	Inner Mongolia	932	18.50%
	Horgos	1,059	14.60%
	Employee Training	Percentage <sup>34</sup>	Average Training Hours <sup>35</sup>
By Gender	Male	50.8%	58.7
	Female	49.2%	66.7
By Employee Category	Chairman of the Board, President	0.07%	2.2
	Vice President	0.18%	
	Director Level	2.85%	22.5
	Manager Level	15.66%	65.6
	Officer Level	5.24%	140.4
	Specialist Level	76.00%	59.2

<sup>33</sup> The calculation of the turnover rate: Employees in the specified category leaving employment / Number of employees in the specified category\*100%.

<sup>34</sup> The calculation of the average employees training: Employees who took part in training in the specified category / Total employees who took part in training\*100%.

<sup>35</sup> The calculation of the average training hours of employees in the specified category: Total number of training hours for employees in the specified category / Number of employees in the specified category.

Product and Service Quality			
Product Complaints	11	Cases	
Number of suppliers			
Regional Distribution	Shanghai	47	Numbers
	Inner Mongolia	25	
	Beijing	24	
	Jilin	23	
	Sichuan	21	
	Tianjin	17	
	Auhui	15	
	Shandong	12	
	Guangdong	12	
	Guangxi	12	
	Jiangsu	9	
	Jiangxi	9	
	Hebei	7	
	Henan	6	
	Zhejiang	6	
Hubei	5		
Hunan	4		
Liaoning	4		
Chongqing	4		
Shaanxi	3		
Fujian	3		
Anti-corruption			
Corruption Case	0	Case	

## ESG Content Index

Mandatory Disclosure Requirements	Disclosure	Chapter
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Responsible Governance – Moving Towards Quality Development
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: <b>Materiality:</b> The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. <b>Quantitative:</b> Information on the standards, methodologies, assumptions and/ or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. <b>Consistency:</b> The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	About This Report
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About This Report

A. Environmental			
Items	Disclosures	Relevant Section in the Report	
Aspect A1: Emissions			
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Energy Saving and Emission Reduction – Our Green Operations	
KPI	A1.1	The types of emissions and respective emissions data.	Environmental Performance Index
	A1.2	Direct (Scope 1) and energy direct (Scope 2 ) GHG emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance Index
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance Index
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance Index
	A1.5	Description of emission target(s) and steps taken to achieve them.	Energy Saving and Emission Reduction – Our Green Operations
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction target(s) and steps taken to achieve them	Waste Management

Aspect A2: Use of Resources		
General Disclosures	Policies on the efficient use of resources, including energy, water and other raw materials.	Energy Saving and Emission Reduction – Our Green Operations
KPI	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).
	A2.3	Description of energy use efficiency initiatives and results achieved.
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.
Aspect A3: The Environment and Natural Resources		
General Disclosures	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Energy Saving and Emission Reduction – Our Green Operations
KPI	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.
Aspect A4: Climate Change		
General Disclosures	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Energy Saving and Emission Reduction – Our Green Operations
KPI	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.

B. Social		
Items	Disclosures	Relevant Section in the Report
Aspect B1: Employment		
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	People Orientation – Creating a Happy Workplace
KPI	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.
	B1.2	Employee turnover rate by gender, age group and geographical region.
Aspect B2: Health and Safety		
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Year.
	B2.2	Lost days due to work injury.
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.
Aspect B3: Training and Development		
General Disclosures	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Development
KPI	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).
	B3.2	The average training hours completed per employee by gender and employee category.
Aspect B4: Development and Training		
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employee Management
KPI	B4.1	Description of measures to review employment practices to avoid child and forced labour.
	B4.2	Description of steps taken to eliminate such practices when discovered.
Aspect B5: Supply Chain Management		
General Disclosures	Policies on managing environmental and social risks of the supply chain.	Sustainable Supply Chain Management

KPI	B5.1	Number of suppliers by geographical region.	Sustainable Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Sustainable Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Sustainable Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Supply Chain Management
Aspect B6: Product Responsibility			
General Disclosures		a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Medicine for the People – Commitment to Products and Services
KPI	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality Management Social Performance Index
	B6.2	Number of products and service-related complaints received and how they are dealt with.	Quality Services and Consumer Protection
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Protection
	B6.4	Description of quality assurance process and recall procedures.	Quality Management
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Quality Services and Consumer Protection
Aspect B7: Anti-corruption			
General Disclosures		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Corruption Initiative
KPI	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Year and the outcomes of the cases.	Anti-Corruption Initiative
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-Corruption Initiative
	B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption Initiative
Aspect B8: Community Investment			
General Disclosures		Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Giving back to the Community – Showing Corporate Responsibility
KPI	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Giving back to the Community – Showing Corporate Responsibility
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Giving back to the Community – Showing Corporate Responsibility

